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STUDIES IN HISTORY, ECONOMICS AND PUBLIC LAW

EDITED BY THE FACULTY OF POLITICAL SCIENCE
OF COLUMBIA UNIVERSITY

Volume LII]

[Number 3

Whole Number 130

THE FINANCES OF VERMONT

BY

FREDERICK A. WOOD, Ph.D.



New York
COLUMBIA UNIVERSITY

LONGMANS, GREEN & CO., AGENTS

LONDON: P. S. KING & SON

1913

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PREFACE

THIS review of the finances of Vermont is the realization of a purpose formed while preparing a history of taxation in that commonwealth which appeared in the *Columbia Studies in History, Economics and Public Law* in 1894. It was possible at that time to go no further into the general theme of the finances than the revenue side. But a presentation of every important aspect of the financial history seemed then worth while, and it is this which it is hoped is here given. The subject, however, is a large one. My chief aim, so far as the review has gone into details, has been to make it a true record. While I can hardly hope this to be altogether the case, in view of the mass of material to be consulted, it is possible the statement of the course of events reveals in essentials the spirit of the successive periods.

It should be said that many facts relating to taxation which appeared in my history of that phase of the finances up to 1894 are not repeated, but that nothing of significance to the larger topic consciously has been omitted. The statistics of the Appendix, however, supplement portions of the text. The conditions underlying the different projects of legislation have been indicated to some extent by a short glance at the political and economic history and character of the commonwealth.

No bibliography is given, in view of the fact that Miss Adelaide R. Hasse has covered the subject so completely in her index prepared for the Department of Economics and Sociology of the Carnegie Institution of Washington. A

few special reports appearing since 1904 are all that could be added, aside from the serial publications, and these reports have been mentioned in footnotes.

Acknowledgment is made of the assistance received from the Carnegie Institution in the collection and preparation of materials for this monograph, and especially of many helpful suggestions from Professor Henry B. Gardner of Brown University. It is a pleasure also to acknowledge the courtesy of the officials of the Vermont State Library and the New York Public Library, of the auditor and treasurer of Vermont, and of the Hon. Joseph A. DeBoer, of Montpelier, all of whom have contributed in making needed information available.

F. A. W.

LOWELL, MASS., SEPTEMBER 1, 1912.

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CHAPTER I

INTRODUCTION

SOME idea of the political and economic history of Vermont is indispensable if the financial history is to be understood, but a review of general conditions in this connection must be brief, referring only to a few of the more significant phases.

One must remember that Vermont is young in years; that settlement on an extensive scale did not occur until after the French and Indian War; that when settlement began a controversy over jurisdiction between New Hampshire and New York almost immediately followed; that this controversy kept the "New Hampshire Grants" in turmoil even before the Revolution; that only a portion of the territory accepted at any time New York's government, and that the Revolution led to an independent state, which continued from 1777 to 1791, when it was admitted to the Union as the fourteenth commonwealth. It is to be remembered, too, that during the New York period and that of independence the community, while made up of first-rate New-England stock, equal in mind and body to great occasions, was small and poor, as its youth made inevitable. Even in 1790, after some years of active immigration and comparative prosperity, the population had reached only 85,425.

Before admission to the Union it was, of course, a distinctly agricultural community, and it has been so ever since, despite the rapid growth of manufactures in recent years. Population grew fast from 1790 to 1810:

the gain for the first of these two decades was eighty-one per cent and for the second forty per cent. Again, from 1820 to 1830 there was another considerable gain—nineteen per cent. But during the eighty years since 1830 population has grown only from 280,652 to 355,956. If the period from 1790 to 1810 was the golden age of Vermont, it was because people found there a fertile soil and could till it with success. The soil still is fertile and it can be tilled with profit. The lure of the West has passed and the cities now hold less fascination for the young. Hence the dominance of agriculture in Vermont is apt to continue for many years, notwithstanding an annual product much less in value than that of manufactures. It is true there has been a decrease in improved acreage, from 3,286,461 in 1880 to 1,632,803 in 1910—certainly a notable falling off, if “improved acreage” has meant the same thing in both years, which probably is not the case. But the average value of land per acre has increased—from \$9.70 in 1900 to \$12.52 in 1910—and the average value of all property per farm has increased still more—from \$3,276 in 1900 to \$4,445 in 1910. The total increase in the value of farm property during this decade was from \$108,451,427 to \$145,399,728, or about thirty-four per cent,¹ and, making due allowance for the general rise in prices, it undoubtedly signifies improving conditions in agriculture.

The progress in manufacturing deserves more than passing notice. Household industries were general and extensive throughout the decades before 1810, and the commonwealth was as self-sufficing as it well could be. But household industries steadily disappeared after the second war with Great Britain, while before the Civil War manufacturing establishments of any size did not grow rapidly in Ver-

¹ Bulletin, *Agriculture, Vermont*, Thirteenth Census.

mont. Since the Civil War, however, and particularly since 1890, manufacturing in establishments has gone forward to a marked extent. Thus, the number of establishments was 1,883 in 1860, 3,270 in 1870, 2,874 in 1880, 3,031 in 1890, and 4,071 in 1900, while the value of products was for 1860 \$14,637,837, for 1870 \$32,184,606, for 1880 \$31,354,366, for 1890 \$38,340,066, and for 1900 \$57,623,815. The census of manufactures taken in 1903 showed a continuance of this advance. A new classification in that year excluded from "establishments" a great number of hand industries, so that only 1,699 establishments were considered. But these 1,699 establishments turned out products valued at \$63,083,611, in comparison with products valued at \$51,515,228 for similar establishments in 1900. Again, the figures for 1909 show progress, although it is less marked, for in that year establishments to the number of 1,958 had a total product of \$68,310,000.¹ The seven leading industries in 1909 were stone work, textiles, butter and condensed milk and cheese, lumber and timber, paper and wood pulp, flour and grist, and foundry and machine-shop products. Stone manufacture had in that year a product valued at \$12,395,000. This industry has been growing very rapidly.

To manufacturing is due the fact that Vermont, during the past two decades, has made a gain in population of 23,534. During the last decade, from 1900 to 1910, the population of places of 2,500 or more inhabitants increased nearly four times as rapidly as did the commonwealth as a whole, while the population of rural territory decreased.² It is fair to assume that, if the present tendency in manufacturing continues, it will of itself stimulate agriculture

¹ Bulletin, *Manufactures, Vermont*, Thirteenth Census.

² Bulletin, *Population, Vermont*, Thirteenth Census.

to some degree. Both interests moreover may look with some confidence upon the ultimate large utilization of the great waterway between the St. Lawrence and New York. It is difficult to believe that a body of water like Lake Champlain, when connections with the Hudson and the St. Lawrence shall have been further improved, will not one day be the channel of much commerce.

Yet the growth of manufacturing and commercial activity will not, it would seem, for a long time at least, greatly affect the distinctive character of Vermont. Hence the political history of the commonwealth is instructive in its bearing upon the future. The towns as municipal bodies have, on the whole, controlled that history, because each town has had a representative in the lower branch of the General Assembly. Indeed, from the beginning of independent government until 1836, there was but one clearly-defined legislative body, although the governor's council did as a matter of fact exercise legislative functions. In that year a Senate was added, and the members of the new body were distributed to the counties on the basis of population. But the small towns, by numerical preponderance in the House of Representatives, continued to give the agricultural element of the population a disproportionate representation. The largest city, Burlington, having a population of 20,468, has one member of the House; the town of Somerset, with a population of 27, also has one member.

Any change in the near future from this status of representation is improbable. The constitution of Vermont is difficult of amendment. The provision for amendments permits proposals but once in ten years; both branches of the General Assembly must approve a proposed amendment at two successive sessions, after which it goes to the people. A series of proposed amendments was passed by

the General Assembly of 1910, but no one of them had reference to town representation. The amendments which have been adopted since 1836, when a Senate was introduced, have been those of 1850, giving to the voters of counties the privilege of electing the chief county officers; those of 1870, providing for biennial instead of annual elections and for biennial sessions of the General Assembly; and that of 1883 by which the secretary of state and auditor of accounts are elected by the people. While the constitution cannot be amended easily, that fact has no direct bearing upon the taxing power of the legislature. The provisions on this subject are liberal and give free scope to legislative discretion.¹

From the first, economic and political conditions naturally have been reflected in financial history. Before the establishment of independent government fiscal methods having characteristics of both New England and New York were applied to the towns, but the time was too short and the situation too disturbed to permit anything like a distinct development. The independent government began in the Revolution, and the war and relations with New York determined the course of financial history. A rural community found the general property tax reasonably satisfactory before the Civil War, and legislation relating to the general property tax had first place in the finances. The Civil War gave the debt the chief prominence. The debt disposed of, corporation taxes came to the front by reason of the growth of industry, transportation and commercial enterprise. For the same reason dissatisfaction with the general property tax has appeared, but the preponderance of the farming element in the House has been a bulwark

¹ In *State vs. Clement National Bank*, decided in 1911, the supreme court of Vermont held, as it had in other cases, that classification of property for purposes of revenue was permissible.

of defence for this tax. The progress of certain centers of manufacturing has been in striking contrast with the stationary position or decadence of many rural towns in reference to population and enterprise, and there is found in consequence a very intelligent effort to bring to the schools and highways of the rural sections the financial support of the commonwealth government.¹ As the economic and political life of the people has been sound, the finances generally have been wisely and honestly managed. In a conservative commonwealth like this, one would expect to find a reluctance to adopt new ideas in public finance, and the attitude of the people on the general property tax confirms the assumption. But in other respects a progressive spirit has been apparent. The best minds of the commonwealth have succeeded in impressing themselves to a marked degree on financial legislation and administration.

The financial history of Vermont presents five periods—the first extending from the beginning of settlement to the formation of an independent government in 1777; the second corresponding with the period of independent government; the third reaching up to the Civil War; the fourth ending about 1878, and the fifth following that date. The first of these five periods had little financial significance and might be joined with the second but for the fact that the latter was in every way so distinctive. The period of independence was in part one of war, and un-

¹ The downward movement of population in the distinctly rural communities as a whole is shown in a valuable analysis made by W. S. Rossiter in the March, 1911, number of the publications of the American Statistical Association, entitled "Vermont. An Historical and Statistical Study of the Progress of the State." "For more than a half century," says Mr. Rossiter, "small Vermont towns in most instances have been growing smaller in population, and the large towns have been growing larger, with their aggregate increase a little more than sufficient to counterbalance the loss shown in the former class."

usual methods of financing the war were employed. Again, this second period laid firmly the foundation of the fiscal system. It is the purpose of this study, however, to devote attention more particularly to the three succeeding periods—to the financial history of Vermont since the state became one of the commonwealths of the Union. These three succeeding periods are marked respectively, as I have said, by a development of the general property tax, by Civil War financiering, and by the growth of corporation taxes, accompanied, largely in consequence, with participation more and more by the commonwealth in an effort to relieve local problems. While the characteristic feature of each period will be given the greatest prominence, the minor phases will be discussed sufficiently, it is believed, to give a true perspective.

CHAPTER II

THE FINANCES UNDER NEW YORK

1. *Town Revenue.* Settlement in the New Hampshire Grants began about 1761, and the authority of the New York government over the territory was given by an order of the King in Council in 1764. Both before and in most towns after the latter date local affairs were conducted quite in accordance with the New Hampshire charters, in the New England way. The one significant fact connected with the public finances of this period, however, is the introduction of the New York system of highway labor through a law of 1766 for Cumberland County. This law required the election of commissioners and surveyors for the county, under whose direction roads were cleared and maintained.¹ The inhabitants of a town were compelled to work "six Days in the Year, or so many Days as will be sufficient for keeping the said Roads in Repair, under the Penalty of Four Shillings for each Day every Person shall neglect or refuse such service." Theoretically the whole of the Grants was subject to the New York method of supporting roads. Practically also it was everywhere accepted in time, as it became the model of the act passed by the Vermont legislature—an act which continued in principle for more than a hundred years.

2. *County Revenue.* The New York highway tax was administered in greater part on the town basis. The other legislation for the Grants followed that plan in adminis-

¹ *Laws of New York*, Van Schaack's edition, ch. mdccix, p. 487.

tration. This consisted in the main of an act relating to Cumberland County, in which the usual New York method of raising revenue was provided for that district. In other words, the county supervisors were to estimate the expenses of the county and allot to each town its share. This share was to be raised by a general property tax.

3. *Provincial Revenue.* There is no positive evidence that any portion of the Grants ever made contributions of consequence to the provincial treasury. Charters of land granted by New York required the payment of a quit-rent of two shillings and six pence a hundred acres, but the New York government had found it difficult to collect this charge anywhere in the province, and doubtless on the Grants there was extreme reluctance to meet it, save in some parts of Cumberland County.

4. *Effects of New York Jurisdiction.* In the matter of public finance the net result of the assertion of New York authority over the Grants appears to have been the introduction of the provincial plan of building and maintaining highways through labor taxes and the establishment in Cumberland County, and to a less extent in Gloucester County (lying north of Cumberland), of the New York county system. But under that system the assessment and the collection of property taxes were by the town officials, and the tradition of town autonomy was never seriously affected on the Grants. The fiscal activity of the territory throughout the New York period consisted mainly in meeting town expenses with taxes based roughly on general property.

CHAPTER III

THE FINANCES DURING INDEPENDENCE

1. *Constitutional Provisions.* The fact that the constitution of Vermont has placed no embarrassing restrictions on the power of the legislature respecting the finances warrants the omission of any extended reference to its specific requirements. The original constitution was identical in greater part with the constitution of Pennsylvania, which was based upon Penn's Frame of Government. It is sufficient to note that it declared that every citizen is "bound to contribute his proportion towards the expense of that protection" of life, liberty and property which is his right as a member of society, and that one of the duties of the Council of Censors¹ was to inquire once in seven years whether taxes had been justly laid and collected and in what manner the public moneys had been disposed of.

¹ The Council of Censors was abandoned in 1870. It had served the useful purpose for nearly 100 years of passing judgment on public officials and their acts. It also had authority to call conventions to consider proposed amendments to the constitution. The thirteen members of the Council were chosen by the people once in seven years, and these members at the time could not be members of the governor's council or of the General Assembly. The addresses of the Council contain frequent reference to the public finances and are a valuable source of information upon conditions at the time they were issued. The Council came to an end mainly on account of a belief that it was not needed as an initiator of amendments to the constitution. There appears also to have been a feeling that a periodic and formal criticism of public servants and their doings was not so imperative as in earlier years, and that this was particularly true after the Senate had been established.

2. *The Grand List.* The first session of the Vermont legislature elected under the new constitution was held in March, 1778, and it is supposed a law establishing the list was then passed. The doubt upon this point comes from the fact that the laws of that session were never printed. But in any event those laws were, by provision of the constitution, temporary, requiring for their complete validity the concurrence of the succeeding session. In the first printed acts the new grand list law appears.¹ It is modeled on the Connecticut system of assessment and contains the principle on which both town and state taxes were levied for many years. By this act polls, property and income were assessed at specific rates by the town listers. Thus, all males between 16 and 60 years of age, except ministers, the president and tutors of the state college, "annual school masters," and students who had not taken their second degree, were to be assessed at £6. Personal property was valued at the following rates: Every ox or steer four years old or over, £4; every steer or heifer of three years and every cow, £3; every steer or heifer of two years, £2; every steer or heifer of one year, £1 every horse or mare of three years or over, £3; all "horse kind" of two years, £2 each; all horse kind of one year, £1 each; all swine of one year or more, £1 each. Money on hand or due "over and above debts charged thereon" was entered at £6 for every £100. Land which had been improved for one year for pasturage, mowing or plowing or was stocked in grass, and which was enclosed, was listed at ten shillings an acre. Despite the evident purpose of making valuations specific, some latitude was allowed the listers. Thus, "warehouses, shops, work-houses, and mills, where the owners have particular improvement or advantage thereof," were rated according to

¹ Slade, *State Papers*, p. 295.

the listers' judgment. Attorneys-at-law were set in the list "for their faculty," those having the least practice at £50, and the others in proportion, "according to their practice," the listers having full discretion in making these estimates. "Tradesmen, traders and artificers" were rated "proportionably to their gains and returns." So, too, articles not specifically mentioned in the law were to be valued by the listers. The exemptions permitted by the law gave immunity in respect to assessment for polls, as has been noted, to ministers, the president and tutors of the state college, schoolmasters and students. They also included the entire estates in the towns in which they lived of ministers and the president of the college. Lands devoted to schools "and other pious uses" also were exempted. It should be noted that no attempt was made to assess either unimproved land or ordinary dwelling-houses and farm buildings.

This was the law under which taxes were levied at first by the young state. The Connecticut practice of giving fixed valuations to particular items of property and the "faculty" or income tax of the same state thus were introduced into Vermont at the beginning of the new order of things. The law remained practically unchanged throughout the period of independence.

3. *State Revenue.* The greater part of the revenue of the state from taxation during this period came from grand list taxes. Such taxes, however, were not needed at first, as the confiscated property of Tories furnished a considerable revenue and later on land was sold in large quantity. The first grand list tax for state purposes was indeed due to an issue of bills of credit, in 1781¹. To provide for the redemption of these bills a tax of one shilling and three

¹ Slade, *State Papers*, p. 424. The grand list in that year was £149,541 17s. 6d.; in 1791 it had risen to £324,796 18s. 9d.

pence, lawful money, on the pound of the list was imposed, and at the same time and for the same purpose one of ten shillings on each acre of land in the state was provided. This state land tax and another in 1783 were the only ones of the kind that were levied during the period now being considered. Grand list taxes, however, were resorted to occasionally during the ninth decade of the century.

The main source of revenue for the state during the first years of its independent existence was the confiscated property of Tories. A beginning of sales of such property was made in 1777. These sales during the next three years were quite remunerative. At the same time occasional grants of unoccupied land were made by the General Assembly. But in the fall of 1780 a policy of extensive grants was begun. The governor and council were authorized to fix the fees, which were made £480 for the first grant—that of the town of Montpelier—and this sum was to be paid in hard money or its equivalent. The same fee was required for subsequent grants, but it soon became the practice to allow lead and flints as a substitute for hard money. Although a considerable revenue was derived from this source at a time when the outlook was dark, and although immigration was encouraged and friends in other states were raised up to support Vermont against New York, it is clear that a great waste of resources occurred.¹

Fees, fines and forfeitures, imposed by the state courts, save clerks' fees, went to the state treasury. A loan office was opened at one time, but it played no important part in securing revenue for the state. The bills of credit, of which mention has been made, were issued in the early part of 1781 to the amount of £25,155. They were a legal tender and were faithfully redeemed. The issue was made quite

¹ *Proceedings of Council of Censors, 1786, p. 18.*

as much to provide a circulating medium as to meet the fiscal necessities of the state, but the fear of depreciated paper currency restrained the people from trying further experiments of this sort during the period of independence.

Still another recourse of the state government, during the war, was provision taxes for the support of troops. At least one of these provision taxes was levied with the grand list as a basis.

4. *County Revenue.* Vermont counties during the period of independence, and indeed for a long time afterward, were merely judicial districts. Each, however, had a treasury which was responsible for certain payments. Each also had some minor receipts in addition to occasional taxes, for new buildings. Thus, liquor licenses were granted by the county courts and the license charges went to the county treasury.

5. *Town Revenue.* New towns were for a time during the New York period in the hands of the proprietors, who voted taxes for any desired purpose on the shares. As soon as the towns were organized grand list taxation began, and of course the towns which had been formed before 1777 made use of that form of taxation after the law of 1778 had been enacted. The change from New York practice, as noted, consisted in the substitution of a poll, income and general property tax (the last-named being assessed at specific rates) for a simple general property tax. The authority for levying grand list taxes for local needs was ample; the law of 1780 was to the effect that such taxes could be imposed "for the purpose of carrying on the war, for procuring a town stock of ammunition, for the support of the poor of such town, or any other purpose which they might find necessary not inconsistent with the constitution of this state." The towns also were allowed to tax their inhabitants for building meeting-houses and support-

ing religious services. The first act on this subject included school houses and bridges as well as meeting-houses, and provided for land taxes.¹ In 1783 what was known as the "ministerial act" was passed.² It required the presence of two-thirds of the inhabitants of the town or parish to make the tax valid, and, if voted, it was to be a tax on the grand list. This act later gave rise to much dissatisfaction and was amended in one important particular before it was finally discarded in 1807. During the period of independence it was generally approved and was the means of providing church facilities in most of the towns.

One other source of local revenue is to be mentioned. Both the towns chartered by Governor Wentworth, of New Hampshire, and those deriving their existence from the Vermont state government contained provision for public lands. The objects mentioned by the Wentworth charters were the English Society for the Propagation of the Gospel in Foreign Parts, a glebe for the Church of England, the first settled minister of any denomination and the schools of the town, while those of the Vermont charters were a college, a county grammar school, town schools, the first settled minister and the general support of the ministry. One share of from 250 to 300 acres went to each of these objects. During the period of independence these grants played no very important part in the finances of the towns, as little public income could be derived from the land. So far as is known, the Church of England took possession of no glebe before the separation of the colonies from the mother country, but afterwards several parishes of the Protestant Episcopal Church held these lands until their right to do so was denied by the United States Supreme Court.³ On the other hand, the first settled minister of

¹ Slade, *State Papers*, p. 440.

² *Ibid.*, p. 472.

³ The Town of Pawlet *vs.* Daniel Clark and others, 9 Cranch, 292.

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Still another recourse of the state government, during the war, was provision taxes for the support of troops. At least one of these provision taxes was levied with the grand list as a basis.

4. *County Revenue.* Vermont counties during the period of independence, and indeed for a long time afterward, were merely judicial districts. Each, however, had a treasury which was responsible for certain payments. Each also had some minor receipts in addition to occasional taxes, for new buildings. Thus, liquor licenses were granted by the county courts and the license charges went to the county treasury.

5. *Town Revenue.* New towns were for a time during the New York period in the hands of the proprietors, who voted taxes for any desired purpose on the shares. As soon as the towns were organized grand list taxation began, and of course the towns which had been formed before 1777 made use of that form of taxation after the law of 1778 had been enacted. The change from New York practice, as noted, consisted in the substitution of a poll, income and general property tax (the last-named being assessed at specific rates) for a simple general property tax. The authority for levying grand list taxes for local needs was ample; the law of 1780 was to the effect that such taxes could be imposed "for the purpose of carrying on the war, for procuring a town stock of ammunition, for the support of the poor of such town, or any other purpose which they might find necessary not inconsistent with the constitution of this state." The towns also were allowed to tax their inhabitants for building meeting-houses and support-

ing religious services. The first act on this subject included school houses and bridges as well as meeting-houses, and provided for land taxes.¹ In 1783 what was known as the "ministerial act" was passed.² It required the presence of two-thirds of the inhabitants of the town or parish to make the tax valid, and, if voted, it was to be a tax on the grand list. This act later gave rise to much dissatisfaction and was amended in one important particular before it was finally discarded in 1807. During the period of independence it was generally approved and was the means of providing church facilities in most of the towns.

One other source of local revenue is to be mentioned. Both the towns chartered by Governor Wentworth, of New Hampshire, and those deriving their existence from the Vermont state government contained provision for public lands. The objects mentioned by the Wentworth charters were the English Society for the Propagation of the Gospel in Foreign Parts, a glebe for the Church of England, the first settled minister of any denomination and the schools of the town, while those of the Vermont charters were a college, a county grammar school, town schools, the first settled minister and the general support of the ministry. One share of from 250 to 300 acres went to each of these objects. During the period of independence these grants played no very important part in the finances of the towns, as little public income could be derived from the land. So far as is known, the Church of England took possession of no glebe before the separation of the colonies from the mother country, but afterwards several parishes of the Protestant Episcopal Church held these lands until their right to do so was denied by the United States Supreme Court.³ On the other hand, the first settled minister of

¹ Slade, *State Papers*, p. 440.

² *Ibid.*, p. 472.

³ *The Town of Pawlet vs. Daniel Clark and others*, 9 Cranch, 292.

each town usually made use of his grant, and in time the share for the support of the ministry furnished a small income. The college lands were without a beneficiary until the University of Vermont opened in 1800, and before 1791 but two county grammar schools had been established. Town schools probably derived some support from the shares allotted to them, but the importance of these lands for educational purposes came later.

6. *Administration.* State administration during this period was far from systematic in practice. The General Assembly had a hand in it, but to a great extent it was committed to the governor and council. In respect to the establishment of the grand list, however, the General Assembly had complete control. The lists of the individual towns, made up by the listers, were transmitted to the General Assembly through the local members of that body. When received these lists were gone over in committee, and changes were frequently made before the grand list as a whole was declared complete. Then a rate for state taxes was voted in concurrence with the council. The treasurer, on this basis, issued warrants to the first constables of the towns, who, after receiving rate bills from the selectmen, made the collections, for which usually they received for compensation one pound in every fifty. It is to be remembered that during the early part of the period of independence state taxes on the grand list were of less importance than were other sources of revenue, and were not regular. In the collection of land taxes for the state the selectmen were held responsible for the assessment of land to the owners, and great difficulty was experienced in that part of the administration, records of proprietors' meetings being difficult of access, and in collection after the rate bill had been given into the hands of the constables.

Payments for the land grants made at this time were

to a land committee and by it to the treasurer, and commissioners for the sale of sequestered property of Tories received in the first instance the product of such sales. The accounts of these officials were carried along for years, and in many cases proper records were not kept. The testimony of the Council of Censors in its address for 1786 is to the effect that the state was defrauded of thousands of dollars in this way.¹ The auditing of state accounts was executed in a loose manner while the land sales were in progress. The governor and council were given authority to adjust the accounts of the surveyors who ran lines under the direction of the surveyor general. The Council of Censors complained that in 1784 the governor and council gave over this work to the surveyor general—a course which destroyed a needed check on the freedom of that official. The treasurer's accounts generally were audited by auditors appointed by the General Assembly, but this was not done annually until after 1786. In that year the accounts of the treasurer for the preceding decade—Ira Allen—were audited as a whole, and thereafter more care and system were observed.

Money once in the hands of the treasurer was drawn upon by a number of authorities. Thus the General Assembly made out its pay table and called upon the treasurer to honor it. The governor and council did likewise to provide for their compensation, and the clerks of these bodies and of the supreme court also drew orders on the treasury. Toward the end of the period there was an auditor whose work was to pass upon general claims and to draw orders for those he approved. Despite this lack of unity in administration, the system had become measurably satisfactory at the time of the entrance of Vermont into the Union in 1791.

¹ *Proceedings of Council of Censors, 1786*, p. 18.

13. *Statistics.* The chief (practically the only) source of financial statistics on the period of independence is the report of the auditors of public accounts on the accounts of Ira Allen, the state treasurer, for what is supposed to have been the entire term of his incumbency of the office, from March, 1777, to October, 1786.¹ There are, however, no dates attached to the report, although the period for which the accounting was made undoubtedly ended in October, 1786, when a new treasurer was elected.

The figures given by the auditors of public accounts for the period ending in October, 1786, were as follows:

State of Vermont in Account with Ira Allen, Treasurer, Dr.

CONTINENTAL CURRENCY.

To cash paid on Pay-table orders, etc., Vouchers produced	£138,625	4	4
To do paid Commissioners, etc., etc., as per receipts	57,466	16	5
To cash in the Treasury	1,252	12	0
	<hr/>		
	£197,344	12	9

LAWFUL MONEY.²

To cash paid on Pay-table orders, etc., Vouchers produced	£102,293	16	7
To cash paid Commissioners, etc., as per receipts	14,029	1	9
To State notes in the Treasury	14,277	3	11
	<hr/>		
	£130,590	2	3

HARD MONEY.

To cash paid on Pay-table orders, etc., Vouchers produced	£7,773	7	2
To hard money orders in the Treasury	4,345	5	6
To cash paid Surveyor General, etc., per receipts	279	1	6
To cash paid Interest State notes	1,211	16	1
	<hr/>		
	£13,609	10	3

¹ *Proceedings of Vermont Historical Society*, vol. ii, p. 466.

² The total of items of "lawful money" as the items are given is £130,600 2s. 3d. Presumably this is an error in copying one of the items.

Cr.	CONTINENTAL MONEY.		
By cash received of Commissioners, etc., per books	£190,433	6	4
By balance due to Col. Allen	6,911	6	5
	<hr/>		
	£197,344	12	9

	LAWFUL MONEY.		
By cash received of Land Committee, etc., per books ..	£66,815	13	8
By State notes issued	24,750	8	7
By cash received on the several taxes	38,536	17	11
By balance due to Col. Allen	487	2	1
	<hr/>		
	£130,590	2	3

	HARD MONEY.		
By cash received in hard money taxes	£7,411	2	7
By hard money orders issued	6,198	7	8
	<hr/>		
	£13,609	10	3

This statement indicates that four varieties of circulating medium were in use during the time covered by the report—continental currency, “lawful money,” which included state bills of credit, “hard money” (mainly silver and copper), and “hard money orders” on the treasury. The hard money orders were issued by the treasury and drew interest. The value of continental currency varied greatly from one time to another but was fixed by statute in 1781. The state bills never suffered serious depreciation. The figures for lawful money in this treasury report may therefore be regarded as substantially equivalent to the same totals in hard money, whereas it is impossible to make any accurate statement of the value in hard money of the continental currency.

This difference in value between continental currency, on the one hand, and the state bills, hard money and hard money orders, on the other, taken in connection with the fact that the exact period of the treasury report is uncertain, makes the total of receipts and expenditures more in-

teresting than informing. The total of actual expenditure, aside from the balances in the treasury, was £321,669 3s. 10d. Assuming that the report was for a period of practically ten years, we have an annual average of £32,166 18s. 4½d. The depreciation in continental currency is, of course, mainly responsible for the size of this average, which was much greater than the usual yearly receipts and expenditures during the next few years of independence, when hard money was more generally in use. In this connection it may be said that for several years after 1785 copper coins were issued under authority of the state.¹

It will be seen that the greater part of the outgo was in "pay-table orders, etc.," which may have included all orders drawn on the treasury. The "commissioners, etc." who received during the period £71,495 18s. 2d. must have included both the commissary general and the paymaster of the army. In February, 1783, the legislature authorized the consolidation of the floating debt, including that contracted by the commissary general and the paymaster, into interest-bearing, demand notes, and the state bills of credit which had not been received for taxes were commuted into the same form of security, which was to bear six per cent interest. It is this interest which is mentioned in the report under "hard money."

The large item of receipts which is spoken of as "commissioners, etc.," refers, it would seem, mainly to the proceeds of confiscated Tory property. Its size is due to the use of continental currency. The "land committee," on the other hand, had the disposition of the ungranted land of the state, and this was sold largely for lawful money, in which form receipts were of more modest total. The comparatively small amount of money raised through grand

¹ Slafter, "The Vermont Coinage," *Collections of Vermont Historical Society*, vol. i, p. 291.

list and land taxes during the period will be noted. Taxation thus for ordinary state expenses played a very limited part in the revenue policy of the decade.

The bills of credit were, of course, a forced loan without interest. They were payable in less than a year and a half from their issue—that is, on June 1, 1782—and the fact that two taxes were pledged for their redemption gave them a quality not inhering in the hard money orders. Yet it is clear that the hard-money orders formed a kind of currency not very different from the bills of credit, except that the orders bore interest.

The report of the auditors on Treasurer Allen's accounts¹ gave the state a better opportunity to know from year to year thereafter what was the condition of its finances. A new treasurer had been elected in October, 1786. His report for 1788 showed receipts and expenditures, with the balance of receipts, to be £21,109 16s. 9d.²

¹ Ira Allen had such an active part in early Vermont history that there was perhaps good reason why he had such difficulty in getting his accounts settled. There were a number of legislative investigations as to his accounts in relations other than that of treasurer. He was surveyor general for nine years.

² For the period of the fiscal year at different times throughout this history see "Receipts and Expenditures" in the Appendix. It will be seen that for a long time the year ended some time in September, but that no definite date was prescribed.

CHAPTER IV

FROM 1791 TO THE CIVIL WAR

1. *The General Property Tax.* From its entrance into the Union up to the Civil War the commonwealth practiced, on the whole, prudence and economy. It engaged in no business enterprises save a bank and some forms of manufacturing in the prison. The unusual expenditures were mainly for the construction of the prison at Windsor and the capitol at Montpelier. No debts of consequence were contracted except for the last-mentioned object. With public functions, commonwealth and local, reduced to a minimum, and with a constant demand from a frugal and thrifty agricultural population for low taxes, we find ordinary expenditures generally low but steadily increasing. Expenses were met for the most part from taxes levied on the grand list. This in the main was general property taxation. The fiscal significance of the period therefore lies in the development of the general property tax.

General property was the main element of the grand list as it was made up at the entrance of Vermont into the Union and during the preceding years of independence. The other elements, it will be remembered, were incomes and polls. That the tax on property in the grand list was not all-inclusive and was upon specific valuations rather than true value did not, it would seem, deprive it of the quality of a general property tax. Barring unimproved land and ordinary dwelling-houses and farm buildings, most of the property of the people was included in the list.

It is apparent that some of the items of property were valued on the income principle, as when, in the original law of 1778, money on hand and debts due were placed in the list at £6 for every £100; but when, as under an amendment adopted in 1787, the rate was made £20 for every £100, income could not be assumed to be the controlling idea. Other forms of personalty and improved land received valuations which had an approximation to the principle of low assessment found in many communities in which the general property tax obtains. The historian of Vermont who wrote of eighteenth-century conditions from personal contact and intimate knowledge—Dr. Samuel Williams—said of the grand list of 1791: "The prices at which the listers were directed to estimate the improved lands and cattle was scarcely one-half of the current prices of those articles. The estimate therefore in the list would not amount to one-half of the real value of the ratable property of the state." It was general property assessed at low valuations which was taxed at that time.

When the course and development of this tax during the succeeding fifty years is examined, it is found that the attention of the lawmakers was directed at first toward a satisfactory classification of property, a determination of the specific valuation for different items prescribed for listing, and a full return of personalty. It is seen that there was an increase in the number of elements of property taxed and that this tendency eventually led to a law by which all property, with some specified exceptions, was included in a list which nominally was based on true values. Indeed specific valuations for improved lands were abandoned soon after the War of 1812.

In the general revision of the grand list made in 1797 valuations were expressed in dollars and cents instead of pounds, shillings and pence, but the rates were not substan-

tially different from those fixed in 1787. Money on hand and debts due were placed at \$6 for every \$100, which was a reversion to the original rule. The only buildings which up to this time had been listed were "warehouses, shops, workhouses, and mills, where the owner had particular improvements or advantage thereof." Now dwelling-houses (except log houses) were included, and two classes of taxable buildings was specified. Thus, dwelling-houses, stores and shops of a value of not more than \$1,000, if occupied or rented, were to be listed at two per cent of their real value, while the same kinds of buildings worth more than \$1,000 were to be listed at three per cent. The list of farm animals was enlarged, and clocks and watches were added.

The changes of the next twenty years respecting property taxation were few and principally concerned personalty. In 1802 the list was enlarged by the addition of "every pleasurable carriage, wagons with spring seats excepted," each vehicle to be listed at 50 per cent of its real value and the owner to make the estimate. This assessment was reduced in 1813 to 12 per cent of the value. The difficulty with intangible personal property was recognized by an act of 1809 which gave more authority to the listers and provided for disposing of appeals.¹ Money on hand and debts due over and above the debts of the taxpayer were to be assessed at \$6 for every \$100, as had been the rule for years. But a person failing to satisfy the listers in respect to the amount would be assessed at what they thought the true amount to be. Persons thus arbitrarily assessed could have a hearing before the listers, and if they were dissatisfied with the decision they could appeal to a board consisting of a justice of the peace and two or more selectmen. But when an appeal was taken the "aggrieved

¹ *Laws*, 1809, ch. xlv, p. 41.

person" was compelled to make oath as to his money on hand and debts due and owing. Before this year a taxpayer's statement in his original list seems to have been conclusive as to money on hand. The disclosure contemplated by the law of 1809 was not a written statement, and the board of appeal was not bound by it.

In 1819, 1820, and 1825 important acts relating to the treatment of real estate were passed. The practice of assessing improved farm lands by the acre was abandoned in 1819, and thereafter all land save that which had not been improved was listed on the basis of value. Here is seen a recognition of the great difference in value which either inhered in land by reason of its location and natural fertility or had come about through forty years or more of cultivation. Valuation of improved land by the acre had answered very well during the earlier days, but it had become evident that this no longer was a just method. Three classes of real estate were indicated in the list and appraisals were to continue for three years. One of the three classes of real estate included dwelling-houses, out-buildings and lots of not more than two acres, which were to be appraised at their true value and listed at four per cent. Improved land formed the second class and was listed at eight per cent of its valuation. Mills, stores, distilleries, and all buildings used for manufacturing made up the third class and were listed at six per cent. Some slight changes were made in this year in the rates at which horses and cattle were listed. Chiefly, however, the act of 1819 related to real estate.¹

So, too, was it with the act of the following year.² No sooner had the assessment of all real estate been put upon the basis of value than the need of some control over the

¹ *Laws*, 1819, ch. i, p. 3.

² *Laws*, 1820, ch. i, p. 4.

listers was apparent. The law of 1819 prescribed assessment founded on value, but it could not of itself secure such assessment. County and commonwealth as well as local taxes were raised on the grand list, and it obviously was to the pecuniary interest of each town to have the total of its grand list as low as possible so long as all taxable property was included and was supposed to have a standard valuation. The legislature met this condition by providing equalization for both county and commonwealth. One lister was chosen from each town board to attend the county meeting which was held triennially soon after the appraisement. County taxes were assessed upon the corrected lists, but the towns were permitted to make use of their unequalized lists. A second equalization between the counties was made by a committee of the General Assembly, which consisted of one member from each county, and on the grand list as thus completed in respect to real estate the commonwealth tax was raised. The liberty accorded the towns and counties of levying their own taxes on their unequalized lists was withdrawn in 1823, when the General Assembly ordered all taxes to be raised on the list approved by its committee of equalization.¹

The law of 1820 also made some changes in respect to personal property, the fixed rates for cattle and horses being reduced to about two-thirds of those previously obtaining. Mainly, however, just as it had been with the act of 1819, this piece of legislation was directed toward a better status of real-estate taxation, and a definite reform in this connection had been effected. But as to personalty much was still to be desired. Accordingly in 1825 the most elaborate revision of the laws relating to the grand list

¹ *Laws*, 1823, ch. xxxiii, p. 20. It should be said that a varying policy was followed in succeeding years respecting the use of the equalized list for county and town taxes.

which had occurred thus far in the history of the commonwealth was made.¹ Stock in banks and insurance companies was specifically mentioned for the first time. It was indeed the first reference in a listing law to stock in any form of corporation. Theretofore the intangible personality with which the listers chiefly concerned themselves was money on hand and debts due. But the first private bank in Vermont was chartered in 1818 and other banking corporations soon followed. The rate fixed for stock was \$3 for each \$100 on which full payments had been made. The method for securing a full list of intangible personal property did not differ in principle from that provided by the law of 1809, but the instructions to the taxing officials were more complete. The listers were given authority to estimate the amount of such property at what they believed to be the actual total, their power in this respect being practically unlimited so long as they acted with "common care, skill and prudence." As in all the preceding laws, it was required of property owners that they give in their lists to the listers or suffer the consequences of having lists made for them by those officials. Twofolding was the penalty for failing to return a list. The list was deposited in the town clerk's office by a certain date for the inspection of those assessed. Then the selectmen appeared as a board of relief. So far as property other than intangibles was concerned this board had full power to reduce assessments, but in respect to money on hand, debts due and bank and insurance stock the selectmen acted in a ministerial capacity when written disclosures were presented to them and oaths were taken to the effect that the disclosures were "true and faithful," according to the best judgment and knowledge of those making the disclosures. A noticeable fact in this connection was that by the new law the legislature re-

¹ *Laws*, 1825, ch. ix, p. 10.

served the right to doom a town to any amount if it thought enough money on hand, debts due and bank and insurance stock had not been returned by the listers.

Other changes effected through the law of 1825 were important but not significant. Thus rates fixed for tangible personalty were greatly reduced, being less than one-half of their previous average. Real estate, instead of being divided into three classes, now virtually came into two classes, one of which embraced mills, stores, distilleries, etc., and other real estate except unimproved land and building lots of less than two acres, while such lots with their buildings made up the second class. The assessment for the first class was six per cent of the true value and that of the second class, four per cent. Appraisals now were made once in five years, and the county and commonwealth equalizations also were made at intervals of five years.

The net result of the series of laws relating to general property which were enacted from 1819 to 1825 was, as has been seen, on the one hand, the inclusion of corporate stocks and some strengthening of the means of getting at intangible personal property, and on the other the assessment of real estate on the basis of value in two general classes, with unimproved land exempt. The reform in respect to real estate was important in itself and as a foreshadowing of the act of 1841 by which all property was assessed in reference to value. No new principles, however, had appeared in reference to personalty. The items of such property, with the exception of money on hand, debts due and bank and insurance stock, continued to be listed at fixed rates. The intangible personalty, however, was listed at a percentage of what appeared to be the total amount. But the taxpayer through his written disclosure given on oath to the board of appeal was permitted to make his own assessment. Essentially this method of arriving at the

value of such personalty had had a trial before 1825, and after that year it had a further opportunity to demonstrate its effectiveness. It did not succeed in so doing, and the most important legislative act in respect to the general property tax between 1825 and 1841 was the substitution for self-assessment of a new means for reaching intangible personalty.

Before considering this new departure one or two of the minor amendments made between 1825 and 1841 should be noted. The year 1831 was marked by provision for helping the listers very materially in discovering stock of Vermont banks held by taxpayers. This law required the cashiers of banks to transmit annually to the clerks of towns in which stockholders lived statements of the names of such stockholders and the extent of their holdings. In 1834 a somewhat similar provision respecting foreign holders of stock in Vermont banks was enacted. This required cashiers to send statements to the listers of the towns in which the banks were located, and accordingly non-resident holders of stock in Vermont banks were taxed in such towns. In the same year (1834) the rate at which both bank and insurance stock was to be listed was doubled, increasing from \$3 to \$6 for every \$100.

The legislation of 1840 was highly important in that it effected the radical reform in reference to the assessment of intangible personalty to which reference was just made.¹ The existing practice in respect to appeal, it will be recalled, was to permit such appeals to be made to the selectmen as a board of review, and written disclosures accompanied by an oath as to their accuracy were the sole and determining procedure. The change effected by the law of 1840 consisted in the elimination of the selectmen from the assessment machinery, thus conferring upon the listers full dis-

¹ *Laws*, 1840, ch. ix, p. 15.

discretion in making assessments of money on hand, debts due and stock in corporations. Persons regarding themselves as overassessed in the original grand list were permitted to make written application to the listers for a reduction, whereupon the listers examined such persons under oath and heard any other testimony bearing upon the matter. The authority given the listers was to the effect that they could place the final assessment at "such sum as, from the evidence, they shall deem just." Self-assessment was no longer permitted.

In 1841 came the revision of the grand list law by which general property was taxed according to value; that is, the assignment of fixed valuations to specific varieties of personal property was abandoned.¹ It will be remembered that a change in respect to improved real estate was brought about in 1819. But that change still permitted different classes of real estate to be taxed on different percentages of the true value. The reform of 1841 in respect to real estate was one of two details: no classification of real estate was made, and, for the first time, unimproved land was taxed. In other words, all real estate was appraised at its supposed value. For a time much complaint was heard by reason of the inclusion in the taxable list of unimproved land, but this was due to the fact that much of such land was owned outside the towns in which it was located and was put at a discriminatingly high value by the listers. It was manifestly illogical to object to the change in the law on this account, and in time the taxation of unimproved land came to be accepted as a matter of course. In the appraisal of real estate "fair cash values" was the standard.²

¹ *Laws*, 1841, ch. xvi, p. 10.

² A return to the classification of real estate was made in 1842, when buildings having not more than ten acres attached and mines and quarries were assessed separately. But the true value was ascertained for both classes.

Much positive instruction to the listers concerning personal property was a consequence of the new departure as to valuation. Tangible personalty was listed in the town in which it was located, and in the case of corporations, machinery as well as real estate was deducted from the value of the shares to get at the listing value of the latter. Cashiers of banks and clerks of other corporations were compelled to assist the listers in ascertaining the taxable value of shares. They were obliged to transmit to the clerks of the towns in which stockholders lived the names of those living in each town, the amount of stock held by them on April 1st, and the amount paid in on each share. These, however, were not new duties for the officials of banks. What was new and was essential to correct listing was that the appraised value of the real estate and machinery of all corporations owning such property should be sent to the towns in which stockholders lived. Indebtedness could be deducted from a taxpayer's total personalty instead of merely from his money on hand and credits.

Two facts are to be particularly noted about the law of 1841. One is that, while appraisals of all property were nominally at the true value, the amount placed in the grand list was one per cent of the total. This rule has obtained ever since, and doubtless is in large part due to the low fixed valuations which had been given to the different kinds of property for so many years. The other fact is that statements of the taxpayers' personal property were not given to the listers unless the latter demanded them. In case the statements were not returned on the listers' demand, or they proved unsatisfactory, the listers had power to assess "in such sum as they shall think just and reasonable." It will be seen that there was little of the self-assessment idea in this statute, that the power of the listers was supreme. This was the idea of the law of 1840. The

reform by which the listers became the final authority anent intangible personalty was, however, short-lived, for in 1842 the selectmen were again given power to revise the listers' findings, according to the evidence presented; but this, it should be noted, was not a return to self-assessment. The law of that year gave particular attention to the matter of deductions from personalty on account of debts owed, and persons asking for such deductions were required to make oath that the debts were *bona fide*.¹

The revision of 1841 did not make provision for listing the stock in Vermont corporations which was owned by non-residents. In 1849, however, the practice of listing bank shares held without the commonwealth in the towns in which the banks were located was revived.² Again, in 1852 stock held by persons whose residence was unknown or who lived in unorganized towns or gores was put in the same category.³ But in 1854 a new policy as to the bank stock of non-resident holders was adopted; the banks then were required to pay to the commonwealth treasurer one (later two) per cent of the value of the shares owned by non-residents, and the amount was distributed to the counties.⁴ This change in regard to foreign-held bank stock had been foreshadowed when in 1853 such stock in Vermont railroads, if it yielded six per cent interest, was taxed directly by the commonwealth at the rate of one per cent.⁵

The method of listing and taxing foreign-held stocks of banks and transportation companies was the principle issue of the general property tax during the closing years of the

¹ *Laws*, 1842, ch. i, p. 5.

² *Laws*, 1849, ch. xviii, p. 13.

³ *Laws*, 1852, ch. xliii, p. 41.

⁴ *Laws*, 1854, ch. xxiv, p. 26.

⁵ *Laws*, 1853, ch. lxiv, p. 55.

period here considered. It was of course one of the details of that tax. As a matter of fact all of the essential principles of the general property tax as it appeared in Vermont at the end of this period had been incorporated in the laws by 1842. Before the Civil War this tax was regarded as the normal and proper means of raising the greater part of state and local revenue. The deduction of debts owed from personalty did not seriously affect the amount of personalty and the wisdom of taxing mortgages on real estate was not questioned. In a community of the economic character of Vermont at that time the tax on general property on the whole was reasonably satisfactory to the people.

2. *The Income Tax.* The income idea is seen plainly in the provision of the law of 1778 regarding the listing of money on hand or debts due to a taxpayer. Such money or debts were to be assessed by the listers at the rate of £6 for every £100. Something of the same idea as to property has been retained since 1841, for when an appraisal is made the grand list itself is found by taking one per cent of the total. If this one per cent of the appraisal is regarded as the income, the tax may be regarded as an income tax. I have chosen, however, to consider that portion of the tax on the grand list which is derived from property in all its forms as a general property tax, even when the property is valued at specific amounts which are far below the true value. It was a general property tax in the sense that a rate was levied upon nearly every important item of the property possessed by the inhabitants, both real and personal.

But along with this general property tax was a true income tax. Both were derived directly from the Connecticut law and practice. The nature of the income tax appears from the statute of 1778 relating to the grand list. In that statute it was ordered that attorneys-at-law be set

in the list "for their faculty," those having the least practice at £50, and others in proportion, "according to their practice." So, too, "traders, tradesmen and artificers" were to be rated "proportionably to their gains and returns." The listers had a large discretion in estimating these incomes, the only positive direction given them by the statute being that a minimum income of £50 should be assigned to attorneys. This tax, it will be noticed, applied only to incomes derived from professional, trading and artisan services; hence its name of "faculty tax."

In one form or another this tax endured continuously until 1841. In its original form it lasted until 1797, when in the revision of the grand list law it was broadened to include "all licensed attorneys, practitioners of physic or surgery, merchants, traders, owners of mills, mechanics, and all other persons who gain a livelihood by buying, selling or exchanging, or by other traffic not in the regular channel of mercantile life." The returns of all such persons were listed wholly at the discretion of the listers. By the grand list law of 1825, however, the discretion of the listers was somewhat restricted. Thenceforth until 1841 attorneys, physicians, and surgeons were listed at not less than \$10 nor more than \$300, "according to their respective gains," while merchants and traders were to be put down for at least \$15 and for not more than \$600, "in proportion to their several gains, taking into consideration the capital employed in said business," and mechanics and manufacturers were to be rated at an amount not exceeding \$100, "according to the best discretion and judgment of the listers."

The income tax was dropped from the grand list law by the revision of 1841, but in the following year it was revived,¹ and from that time it was continued until 1850,

¹ *Laws*, 1842, ch. i, p. 5.

when it was permanently abandoned. The revival of 1842, however, was partial. Up to 1841 the classes included in the operation of the income tax were certain professional men, merchants, traders, mechanics and manufacturers. The scope of the term "manufacturers" obviously was limited, as the maximum assessment for such persons after 1825 was \$100. As a whole the law was intended to include all gains which theoretically could be separated from income from property. But from 1842 to 1850 only attorneys, physicians and surgeons were embraced in the "faculty class." These professional men were listed at not less than \$1 nor more than \$30, at the discretion of the listers. These minimum and maximum limits were, it will be noted, just one-tenth of those obtaining from 1825 to 1841.

This "faculty tax" had been on the statute book in one form or another from the first. It had produced no very considerable revenue. The part it had in making up the grand list after 1841 will be seen from Table F of the Appendix. Before the revision of that year, while mechanics, manufacturers, merchants and traders were included, the tax was somewhat more important. But in the grand list of 1827, for instance, the faculty assessment was but \$55,695.75 out of a total of \$1,703,980.53, and again in 1832 it was \$61,824 out of a total grand list of \$2,155,639.46. The "faculty tax" doubtless fell in 1850¹ through a conviction that incomes derived from personal effort rather than from investments and property deserved encouragement instead of a degree of repression and that such income, if helped to expand, would in part be turned into property.

3. *The Poll Tax.* The poll tax has been an integral part

¹ *Laws*, 1850, ch. xxix, p. 28.

of the grand list throughout the history of the commonwealth. It too came from Connecticut. In the law of 1778 the provision as to polls was to the effect that all males between 16 and 60 years of age, except ministers, the president and tutors of the state college, "annual schoolmasters" and students until they had taken their second degree, should be rated at £6, but persons incapacitated by sickness or otherwise might be relieved from this assessment. In 1787 the polls of the militia were exempt from listing, and in 1791 the minimum age for listing polls was raised from 16 to 21. In the general revision of 1797 polls were placed at \$20 each, this amount corresponding to the £6 of the earlier law; but in the revision of 1825 the rating of polls was fixed at \$10. In the list of exemptions made at the latter date were college students, sick persons whom the listers considered worthy of relief and persons subject to military duty. The last-named class was wholly exempt from commonwealth poll taxes, while those who were properly equipped were also exempt from all but highway taxes on polls. When the revision of 1841 occurred the assessment of polls was placed at \$1 instead of \$10, the principle as to reduction used in reference to incomes being followed. But in 1842 an assessment of \$2 was substituted for \$1. In 1852 extremely poor persons were exempted from listing.¹ No material change in the law in respect to polls, save the exemption of veterans of the Civil War, has occurred since 1868, when the maximum age was fixed at 70, instead of 60. The present rule relating to members of the National Guard, as well as firemen, is that they may be exempted by vote of the city or town.

It is to be remembered that the tax on polls is not specific. The assessment of \$2 is entered on the list, and then the

¹ *Laws*, 1852, ch. xlv, p. 41.

rate of taxation is applied to the list as a whole. The result is that the tax on polls is and has been of some financial importance, being equivalent to a tax on a property assessment of \$200 to each taxpayer. In the earlier days, when property had not been accumulated to a great extent, a considerable part of the revenue came from the poll portion of the grand list. Thus out of a total grand list of \$3,122,661.08 in 1820, \$515,220 came from polls; this was about 16 per cent. In 1910 the grand list had a total of \$2,070,405.46, of which polls made up \$185,470. Polls have made an average of 9 per cent or 10 per cent in recent years, while personal property has provided for less than 25 per cent.

4. *Corporation Taxes.* The first attempt at taxing corporations was directed at the banks which were incorporated after the failure of the State Bank, the brief career of which will be referred to presently. A provision for some tax was included in each charter. Thus the Bank of Burlington was incorporated in 1818, and the tax was fixed at six per cent of the profits. During the next dozen years six other banks were incorporated, and the same requirement as to taxes was included in each charter. The charter of the Bank of Burlington was renewed in 1830, and at that time the tax provision was slightly changed, the rate of six per cent continuing on profits earned on stock owned within the commonwealth and ten per cent being levied on profits from stock owned elsewhere. The policy of discrimination between the earnings of stock owned at home and that owned by non-residents was continued, but in 1831, and for some years thereafter all newly-chartered banks were required to pay ten per cent on the profits of home stock and twelve per cent of that owned outside Vermont. While this was the rule, there were exceptions, for the Rutland Railroad Bank, when it was incorporated in 1836, was

allowed to pay at the original rate of six per cent of the profits of both home and foreign stock. Again, in 1839 a tax of one-third of one per cent of the paid-up capital was imposed on some newly-organized banks, and one of one-half of one per cent was the rule with others. This plan—a substitute for the tax on profits—seems to have been abandoned almost as soon as it was begun.

In the meantime a tax for providing a safety fund had been imposed upon every bank incorporated after 1830. This was at the rate of three-fourths of one per cent on the capital stock, and it was continued until the amount contributed equaled four and one-half per cent of the capital. The banking act of 1840 made further provision for the protection of note holders, one method being the requirement of a tax of one per cent of the capital stock paid in “as a tax upon the income of such banks,” but this was not obligatory when the bank kept a sufficient deposit in Boston to insure the redemption of its bills at par.¹ Neither this nor the contribution for a safety fund can be regarded as a public tax aiming at revenue; the purpose was to perfect the banking system rather than to give revenue to the commonwealth.

The banks chartered before 1840 in most cases had legal lives of sixteen years, and as their charters expired and were renewed the tax on dividends disappeared. It should be remembered that all this time the shares of the banks were taxable in the hands of the holders. As the charters expired it seems to have been the view of the legislators that the tax on the shares as personalty in the owners' possession was a satisfactory method. This tax was on the shares of residents of the commonwealth; the shares owned by non-residents, as has been mentioned, paid after 1854 a

¹ *Laws*, 1840, ch. i, p. 7.

tax of two per cent directly to the commonwealth treasury, and the receipts were distributed to the counties.

The first tax on an insurance company was one of six per cent on the profits of the Vermont Fire Insurance Company, and this was contained in the charter granted in 1824. The fire-insurance companies incorporated after that date were taxed at the same rate and in the same manner. In 1825 a tax of eight per cent on all premium receipts collected in Vermont was imposed on foreign fire insurance companies, and the agents of such companies were required to execute bonds for \$500 to secure payment.¹ This act continued until 1830. Direct taxation seems to have been nominal rather than real, for the treasurer's reports do not mention receipts from that source. But in 1852 the premiums and assessments of foreign health and life companies received within the commonwealth were taxed at the rate of one-half of one per cent.² This rule was followed in 1854 by one by which foreign companies of any kind were taxed in Vermont at the rate at which the commonwealths incorporating such companies taxed Vermont companies.³

One of the very few special taxes provided in the charters of particular corporations during this period was that on the Connecticut River Canal Company, incorporated in 1829. The act called for a tax on the profits in excess of six per cent. When these profits ranged between six and twelve per cent, one-sixth of the excess over six per cent was to go to the commonwealth; when they were over twelve per cent the rate was to be one-fifth. These special taxes required by the provisions of the charters comprised about everything in the way of corporation taxes, other than

¹ *Laws*, 1825, ch. xix, p. 30.

² *Laws*, 1852, ch. xliv, p. 41.

³ *Laws*, 1854, ch. xxxii, p. 37.

those affecting banks and insurance companies, before the Civil War. The tax of one per cent on foreign-held stock in Vermont railroads, referred to in the section on the general property tax, was not a true corporation tax. Corporation taxation did not fairly begin until 1882.

5. *Revenue and Expenditure.* The revenue of the commonwealth throughout the period before the Civil War was derived mainly from taxes on the grand list, which was composed, as has been seen, of the elements of general property, income and polls. Several land taxes for specific purposes also were levied. Thus in 1791 one of half a penny on each acre was imposed with the object of extinguishing the debt of \$30,000 due to New York on account of the land claims of persons receiving grants in Vermont from the provincial government. The receipts from this tax, however, did not appear in the treasury until 1794. The money was collected with difficulty, and, as the amount was considerable for the time, the tax has an important place in the financial history of Vermont. As the dispute with New York was essentially one of land titles rather than political jurisdiction, there was propriety in raising the \$30,000 by a land tax. Seventy-six claimants of New York grants divided the amount paid to that commonwealth. This \$30,000 was much less than what the claimants had paid for their titles, amounting, it is estimated, at from one-fourth to one-third of the original sum. Another land tax of one cent on each acre was levied in 1797. This had no purpose in view save "the support of government." It was decidedly unpopular, and thereafter commonwealth land taxes were not levied except to meet some unusual event. In 1807 a third tax of a cent an acre was imposed to meet in part the expense of building a prison. The last land tax for commonwealth purposes appeared in 1812 by reason of the war with Great Britain; it also was at the rate of one cent on each acre.

The corporation taxes of this period have just been mentioned. License fees for peddling contributed small amounts to the commonwealth after 1807, but from 1846 on the proceeds were allowed to go to the counties.¹ Circuses also paid license fees to the commonwealth, as did agents of foreign insurance companies. Court receipts made up most of the rest of the revenue.

Total expenditures reported by the treasurer of the commonwealth were £5,484 14s. 3d. in 1792, £5,735 1s. 8d. in 1793, and £12,842 9s. 8½d. in 1794. The larger amount for 1794 was due to the payment to New York for the extinguishment of the land claims. The expenditures for 1792 and 1793 may be considered normal; they correspond with that of \$21,104.02 for 1800. Taking them for a basis, we find that ordinary expenditures had increased about sevenfold during this period and that an average total of less than \$200,000 had been reached in the years just preceding the Civil War, when the destruction of the capitol caused an unusual expenditure. This total, taken in connection with the fact that no funded debt had been contracted until the close of the period, warrants the statement that no real extravagance had been indulged in. In the main, as has been said, it was a period of prudence and economy. At the same time there was frequent complaint of the growing cost of the administration of justice, which by reference to Table B will be seen to have been in 1860 more than three times its total for 1835.² The care of the

¹ *Laws*, 1846, ch. xxvi, p. 28.

² The Council of Censors in its address of 1849 said: "The Council cannot refrain from noticing the great increase in the expenses of this state, altogether beyond our increase in population, particularly in the judiciary department and in the contingent expenses of the other branches of the government." *Journal of Council of Censors*, 1849, p. 81.

insane and the criminal, however, did not bring a rapidly-growing burden to the commonwealth during this period. There was no asylum under the ownership of the commonwealth. Most of the cost for institutions came by reason of the yearly balance which was needed by the prison. This balance in 1847 went as high as \$6,972, but usually it was much smaller and during the years 1851 and 1852 the institution had a small surplus.

Internal improvements did not figure in the steady increase in ordinary expenditure, because Vermont never actually undertook internal improvements on a large scale. The construction of roads and bridges was a local function, and the building of locks and the clearing of obstructions in the Connecticut river were entrusted to private companies. But there was much discussion in the last decade of the eighteenth century relative to waterways. One of these projects was that of Ira Allen for improving communication between Lake Champlain and the St. Lawrence river, and another was a canal between Lake Champlain and the Hudson river. The latter was a New York undertaking, but Vermont was so much interested in it that in 1796 it authorized any town to levy either a land tax or one on the grand list for the purpose of subscribing to shares of the company.¹ It is not clear how generally the towns near the lake took advantage of this legislation. The New York project did not succeed at that time, and it is probable no town actually took stock. But the act of 1796 furnished a precedent for later legislation for the benefit of railroads.

The success of the Champlain-Hudson canal after it was opened in 1822 led to much agitation for canals connecting lakes Memphremagog and Champlain with the Connecticut,

¹ *Laws*, compilation of 1797, p. 78.

and these projects were carefully investigated. Before anything came of them, however, attention was turned to railroads. The physical difficulties attending any and all of the canal enterprises undoubtedly were most fortunate for the finances of Vermont, assuming that the commonwealth would have borne a part in the work. The expense in any instance would have been great, and it is unlikely that the patronage would have made the business profitable.

There was no marked increase in the salaries of commonwealth officials. Nominal compensation at the beginning of the independent government was at a higher rate than obtained during the earlier part of the nineteenth century. Thus, the governor's salary was at £300 (equivalent to about \$1,000) in 1778, while in 1841 it was \$750. But the higher figure at the earlier date probably was due to the inflated currency. At all events the salary of \$750 prevailed during the greater part of this period and up to 1857, when it became \$1,000. While the governor's salary during the greater part of the period was \$750, that of the treasurer was \$400. When the judges of the supreme court were put definitely on a salary basis in 1804 the salary of the chief judge was fixed at \$1,000 and that of the assistant judges at \$900 each. At the close of this period the salaries of these officials were as follows:

Governor	\$1,000
Secretary of state	400
Treasurer	500
Auditor	500
Judges of the supreme court	1,800

The ordinary annual expense of the militia was on a low scale, no payments being made except a small sum to officers, non-commissioned officers and musicians for attendance at drills. This expense in 1845 was \$1,840.51, and

ten years later only \$377.25. The equipment of the militia was provided through the exemption from the amount of the poll tax of all members who complied with the requirements. The organized militia system up to 1847 included practically the whole body of active males, and when that form of organization was abandoned, about the time mentioned, only a few independent companies remained up to the Civil War.

The commonwealth moreover contributed comparatively little at this time toward the support of education, aside from what had been provided through the rights of land in each town devoted to this purpose. It by no means ignored the subject, and in 1825 it entered upon a plan which was intended to provide an income sufficient to meet the expense of a common school in each district for two months of the year.¹ The assets of the defunct State Bank which might come into the treasury, a tax of six per cent on the profits of existing banks, the revenue from peddlers' licenses, and possible future appropriations were to go to this school fund. Eventually the fund grew to \$234,900.44, but no portion of the income was applied to the schools. When the United States surplus was deposited in Vermont, distributed to the towns, and put to school uses, interest in the school fund waned, and in 1845 it was turned into the treasury.² This disposition of it came as a natural consequence of the large borrowings of the treasury from it, during the preceding decade. Thus the commonwealth made no large provision for education. Throughout this period the local governments contributed nearly all the resources for schools.

The unusual direct expenditure of the period, aside from the sum paid in 1794 to New York and the expenses of the

¹ *Laws*, ch. xxi, p. 26.

² *Laws*, 1845, ch. xxxvi, p. 24.

second war with Great Britain, were those made for two public buildings—the prison and the capitol. Payments for the first began in 1808 and continued during the three following years, amounting in total to \$39,312.78. Again, in 1834, there began the unusual expenditure for a new capitol. Payments by the commonwealth treasurer for this object continued through 1835-6-7-8 and amounted to \$117,-077.23. The town of Montpelier in the meantime had contributed \$15,000, making the total cost of the building \$132,077.23. This building, as has been said, was burned in 1857, and during that and the three following years payments were made from the treasury for a new structure, which cost \$148,396.63, \$42,220.72 of which came from subscriptions from the citizens of Montpelier and \$106,-175.91 from the treasury of the commonwealth.

It is difficult to estimate accurately the expense to Vermont of the War of 1812, for a portion of the military expenditure had no direct reference to the war. Expenditure on account of the detached militia, however, made up most of the outlay, and such expenditure amounted to \$30,-983.89. There were, of course, other expenditures due to the war. The act of 1812 "directing the mode of detaching the militia" provided that the towns should equip the troops and give extra pay to the militia detached after November 9th of that year. What was paid by the towns on this account is not known. But the towns along the northern frontier furnished guards at the beginning of the war and were paid \$1,188.80 in 1812. This was the largest payment on account of the northern boundary. In 1820 the commonwealth treasury received from the federal government in return for expenditures on account of the detached militia during the war the sum of \$4,421.18.¹

¹ Tables of classified receipts and expenditures at five-year intervals since Vermont came into the Union will be found in the Appendix.

6. *The State Bank.* During the War of 1812 occurred another unusual drain upon the treasury. This was due to the assumption by the commonwealth of responsibility for the notes of the Vermont State Bank, which came to an end just as the war began. This institution had been established in 1806, and in the course of the following year it had four branches. The State Bank came after a long agitation and as a response to a real need for a circulating medium. The people of Vermont in the early years generally did not look with favor upon paper money of any sort. The issue by the state of bills of credit in 1781 was not repeated, although that issue was altogether successful. In the later years of this decade, when Shays's insurrection was occurring in Massachusetts, a demand for paper currency appeared in Vermont. But conditions at the time were not so distressing in this state as in Massachusetts, and, partly in consequence of this fact, a popular vote in 1787 went decisively against the project. At the same time the right to issue copper coins for the state was granted to one Reuben Harmon, Jr. These copper coins, however, could not do full service for a circulating medium. The notes of banks of other states had to be used, and the people suffered both from failures and from counterfeiting. Under the circumstances it is surprising that provision for the issuing of bank notes in Vermont was so long delayed. One sees clearly what the attitude of some of the best minds of the community was from a memorandum of the governor and council in which were recorded the reasons why they did not concur with the General Assembly on a bill for incorporating a bank at Windsor which was passed by the Assembly in 1803.¹ This memorandum mainly was an argument against the wisdom of private banks, but the ar-

¹ *Journal of General Assembly*, 1803, p. 235.

gument was nearly as strong if applied to a state bank. "By introducing a more extensive credit," it ran, "the tendency of banks would be to palsy the vigor of industry and to stupefy the vigilance of economy, the only two honest, general and sure sources of wealth." Greater credit facilities doubtless had an element of danger, but bank notes from other commonwealths were in circulation in Vermont, and to a majority of the people in the first decade of the nineteenth century there appeared to be nothing very rash in substituting domestic notes for those of neighboring communities, even if this substitution should be accompanied with a tendency to borrow more freely. The plan for a state bank, moreover, seemed to promise some revenue.

The directors were elected by the legislature, and the new institution therefore was a State Bank in fact as in name. The charter provided that notes should not be issued to an amount greater than the deposit of silver, gold and copper coin until the amount reached \$25,000, after which notes to the extent of three times the deposit could be issued, but a maximum limit of specie deposits was \$300,000. The funds of the commonwealth were deposited in the bank. The institution, as has been said, came to grief after a life of six years. It began on the eve of a time of political disturbance and business depression and was submerged in the distress of the period. Even if it had been based upon a sounder principle—if capital instead of the credit of the commonwealth had been employed as a basis—the end under the circumstances probably would have been the same. One factor which made for embarrassment was the extensive counterfeiting of the bank's bills which was carried on in Canada. The bank was an experiment, and there was a lack of knowledge of true banking principles on the part of the directors. The great difficulty was in turning the

notes held by the bank into specie. In September, 1809, the bills in circulation amounted to \$404,599.50, while the specie, notes and other securities had a total of \$427,012.25, but the specie part of this total was relatively small. In 1808 the volume of bills was still larger—\$548,305.75. Some of the branches put out drafts when they had no funds to draw upon. A false basis, inexperience in banking on the part of the directors, unfavorable business conditions and some inexcusable practices combined to bring about the collapse.¹

The legislature had no other course open to it than to make good the bills which had been issued. It did this in two ways—by offering in exchange interest-bearing notes of the commonwealth and by receiving the bank bills for taxes. The interest-bearing notes had been redeemed by 1823. The bank bills in existence in 1814 had a total of \$58,680, of which \$42,555.25 were in the commonwealth treasury. A considerable portion of the remainder came into the treasury during the succeeding years. The loss to the commonwealth is not measured by the amount of such bills received. Indeed, no exact statement of the actual loss has ever been made. Receipts from assets of the institution were obtained in small amounts for thirty years and must have gone far toward offsetting the original loss. One of the early historians of Vermont² concluded that "the loss to individuals in consequence of the failure of the institution was trifling, but the loss to the state was very consid-

¹ The cashier of the Woodstock branch for the first four years of its existence, Job Lyman, said in a letter written in 1869: "The reason the bank failed to accomplish the ends for which it was designed was, it had no foundation (capital), which occasioned other difficulties, all of which brought it to an end. Capital is as necessary in a bank as air to sustain life." Quoted in Dana's *History of Woodstock*, p. 339.

² Z. Thompson, *Civil History of Vermont*, pt. ii, p. 137.

erable." To this the editor of the Records of the Governor and Council¹ adds the opinion that "the loss, whatever it may have been, was more than compensated in furnishing to the people a currency which was altogether superior to that which they would otherwise have had. They at least suffered very little in the depreciation of the bills of the State Bank, and, but for the intervention of speculators, would not have suffered at all, whereas, by the failures of private banks and bankers in the adjoining states their losses were considerable."

7. *Debts.* Vermont has been exceptionally free from public debts on commonwealth account. At no period except that during and following the Civil War has the real debt been considerable. In the years following entrance into the Union the only existing debt was the hard money orders, issued by the treasurer and drawing interest. These orders were common during the last decade of the eighteenth century, but toward the close of it the wisdom of getting rid of this form of debt was generally felt. In the speech of Governor Tichenor to the General Assembly of 1798 the hard-money orders were unsparingly condemned on the ground that, with no unusual expenses to meet, it was a want of economy to pay interest, and also because "more impediments to the adjustment of the public accounts with the treasurer have arisen from this source than from any other." The legislative session of 1800 acted on this advice by ordering a cessation of the practice of issuing hard-money orders and that those in circulation be presented to the treasury and paid by September 1st of the following year.² It appears from the report of the auditor in the treasury department made on October 9, 1801, that

¹ *Governor and Council*, vol. vi, p. 451.

² *Laws*, 1800, p. 23.

by September 1st only \$100 in these orders had been presented during the year. At that time there remained unredeemed \$3,406.27 of the hard-money orders, the treasury gaining to that extent. Governor Tichenor spoke with satisfaction of the prosperous state of the finances. "The public debt, due on hard-money orders," he said, "has been discharged; a small annual tax will in future be fully adequate to meet the expenses of government."

The building of a prison, the failure of the Vermont bank and the War of 1812 were the occasion of considerable unusual expense during the following fifteen or twenty years, but these demands were met for the most part from taxation, and what debts were contracted were in the form of notes. One finds, for instance, that during the fiscal year 1813 \$1,923.75 in treasury notes were issued to replace the notes of the Vermont State Bank. The debts of the commonwealth continued to be of a miscellaneous character and no great size. During the fourth decade, however, a new capitol at Montpelier was built at an expense to the commonwealth of some \$117,000. At this time the nominal debt assumed some size because a large portion of the school fund, established in 1825, was borrowed. This borrowing began in 1833, and by October, 1844, the amount due the fund from the commonwealth treasury was \$198,303.34. The total debt, which included miscellaneous items, like \$26,085.64 due the bank fund and \$14,812.28 due the towns on account of the United States deposit, was at that time \$244,642.72. This was larger than it had ever been before. A year later it was still larger—\$260,060.38, of which \$224,309.50 was due the school fund. During this year (1845) the school fund debt was removed through the simple process of transferring the fund to the general treasury. This left as debts such miscellaneous and formal obligations as pertained to the safety bank fund, the United

States surplus fund and some overdue salaries. It would be essentially correct to say that the commonwealth was out of debt in 1845.

Complaint was made about 1850 of the increasing expense of the commonwealth, but when a committee in 1851 reported to the General Assembly on this subject it appeared that the debt, \$57,518.65, was less than the current resources and that the only debt aside from that to funds, etc., was one of \$11,123.23 to banks.¹ The commonwealth continued to be in effect out of debt.

It remained in this condition until 1857, in which year the capitol was burned. In consequence in the fiscal year 1858 a loan of \$100,000 was contracted to meet the expense of rebuilding. This was the beginning of a period of indebtedness which continued for about twenty years. In 1859 a further sum of \$75,000 was authorized. These two loans, which are classed as funded by the census, were payable in five years. In 1860 two small loans, one of \$5,000 and the other of \$10,000, were made, thus bringing the total of the pre-war borrowings, due mainly to the new capitol, up to \$190,000. The two small loans were for one and two years.

8. *Local Finances.* The disbursements of counties were mainly for court purposes, including the building and repair of court houses and jails. To some extent ordinary expenditures were met for many years from the fees for liquor licenses granted by the county courts, which had considerable discretion as to rates. In 1850 this source of revenue ceased when a local-option policy was adopted, towns which voted for licenses taking the receipts therefrom. Two years later the policy of prohibition was adopted. From that time grand list taxes, specially authorized by

¹ *House Journal*, 1851, p. 371.

the legislature, produced most of the revenue for all purposes. Such taxes indeed have been relied upon for most expenses from the beginning. After 1846 the money received by the commonwealth treasurer from peddlers' licenses was distributed to the counties on the basis of population, and for a time after 1854 the proceeds of the tax on bank stock owned by non-residents went to the counties. It may be said in reference to county buildings that they sometimes were erected and presented to the counties by the towns in which they were located. There were a few instances of land taxes for such buildings.

Most of the financial support of the towns came through grand list taxes. The ordinary town charges were met in this way, and in the period during which the towns were permitted to support religious establishments—that is, before 1807—such taxes were levied for the erection of church buildings and paying the salaries of ministers. Other resources of the towns in this period were land taxes and to some extent lotteries. Land taxes for making and repairing roads and building bridges began during the period of independence and continued until the Civil War, gradually, however, becoming less common. In each case the town was expressly authorized to employ this expedient, and the rate per acre was fixed by the legislature. Three or four cents were the usual rates. Lotteries were very sparingly used. From 1783 to 1804, when the last of a local character was granted, only twenty-four were allowed. These generally were for such purposes as making roads, building bridges or erecting court houses, but a few were designed to assist individuals who had suffered through losses or otherwise. There also were a very few cases of lotteries for the purpose of building breweries. Fines and costs received by justices of the peace were another source of revenue.

While money taxes were frequently employed for making and repairing roads, the usual method of repairing the highways was through a labor tax. This method, as has been said, came from New York. Before 1824 it was a poll tax, each adult male, with certain exceptions, being obliged to work each year for at least four days or to pay an equivalent in money. During the turnpike era this highway work was confined in large part to highways not controlled by the turnpike companies, but in many instances work on the turnpikes was contributed in place of tolls. The poll tax idea of this labor on highways gave way in the year mentioned to the idea of a grand list tax; that is, each adult male was obliged to work for a time proportioned to his taxable list, and if he chose to pay this tax in money a reduction in the amount of the assessment was permitted.¹ At the very close of the period one notes that a significant change in policy occurred; the towns were permitted to vote that the highway tax be paid in money. Generally, however, the tax was worked out throughout the period ending with the Civil War.

In addition to taxes on the grand list the schools, which were almost wholly in local hands, had three sources of support throughout this period. The first of these was voluntary contributions, based on the number of pupils sent to school. The law in operation when the state entered the Union compelled the district (the school unit) to raise one-half of what money it needed for the purpose, in addition to the amount coming from the leasing of school lands, from a tax on the grand list of the district. The other half could either be raised in that way or through private contributions. This element of school income—private contributions—continued until 1864.

¹ *Laws*, 1824, ch. xxviii, p. 29.

A second source of school revenue was the rent obtained from the school lands. These school lands were a part of the public domain lying in the towns. As I have said before, the towns were of two classes in respect to this domain—those chartered by Governor Wentworth and those chartered by Vermont after attaining its independence. The charters granted by Governor Wentworth set apart in each town, besides five hundred acres for himself, a right (250 to 300 acres) for the English Society for the Propagation of the Gospel in Foreign Parts, one for a glebe for the Church of England, one for the first settled minister of any denomination, and one for town schools. The Vermont charters granted one right for a college, one for a county grammar school, one for town schools, one for the first settled minister and one for the general support of the ministry. Only a portion of the grants made by these charters were strictly public domain. The rights given to the Propagation Society were devoted to the schools by vote of the legislature in 1794, but decisions of the United States Supreme Court in 1823¹ and 1830² gave them to a board of agents for the Vermont diocese of the Episcopal Church. The rights intended for glebes for the Church of England also had been turned over to the towns for the support of schools,³ and this disposition proved to be permanent, since the Supreme Court confirmed it in 1815.⁴ The rights of the first settled minister went to that individual personally, although not absolutely, while the income from the rights devoted to the support of the ministry was divided among

¹ The Society for the Propagation of the Gospel in Foreign Parts *vs.* The Town of New Haven, 8 Wheaton, 464.

² The Society for the Propagation of the Gospel in Foreign Parts *vs.* The Town of Pawlet, 4 Peters, 480.

³ *Laws*, 1805, ch. lxxii, p. 127.

⁴ The Town of Pawlet *vs.* Daniel Clark and others, 9 Cranch, 292.

the religious bodies of the towns. To the state university was given the income of the college rights and to institutions of high-school grade the income from the rights of the county grammar schools. Hence in each town which obtained its charter from the state of Vermont (less than half the whole number) there is a right the rent from which goes to the town schools, while in each town chartered by Governor Wentworth there are two rights devoted to this purpose.

The third special source of revenue which could be devoted to the schools during this period was the fund deposited by the federal government in Vermont in 1837—this commonwealth's portion of the surplus distributed in that year. This amounts to \$669,086.79. It was distributed to the towns in proportion to population, and the income went to the schools.

It cannot be said that the schools made very satisfactory progress before the Civil War, yet there was much legislation on the subject. After 1797, if the town itself chose to levy an additional tax for the schools it could do so and distribute the proceeds to the districts on the basis of school children. The town trustees had charge of the school lands and distributed the income from these lands on the same basis. Thus the district, under the direction of a prudential committee, had nearly entire actual control of school finances. This is the more evident from the apparent reluctance of the town to levy taxes for this purpose. The need of some pressure on the towns in this connection eventually impressed the legislature, for, beginning in 1810, a town tax on the grand list was imposed.¹ This at first was

¹ *Laws*, 1810, ch. cvii, p. 153. This statute ordered the towns to levy this tax, but no penalty for failure to do it was imposed and many towns ignored the law. See address of Council of Censors in 1821, p. 61 of *Journal of Council*.

one cent on a dollar of the grand list, but the rate at times was raised, and after 1841 it went as high as nine cents, the total of the grand list then being smaller in consequence of the revision of that year. No district could receive its proportion of this tax unless it kept its school a certain number of weeks each year. When the United States surplus became available for school use, town taxation was relieved to the extent of the income from that source. That is, if the town had school income from the United States deposit and other sources, to provide the amount that would be raised by the prescribed tax, or a portion of that amount, the tax, or a portion of it, could be dispensed with. The division of the town school fund among the districts was on different bases at different times. At first, as has been noted, it took notice of the number of school children in a district, but later a fourth or a third of the amount was divided equally among the districts, while the remainder was in proportion to the number of children.

The objects of all town expenditure departed little from the ordinary course in rural communities. Generally great economy in the expenditure of money was shown, and some public services were rendered without compensation. This was particularly true of protection from fire. The fire companies were important social organizations, and their general expenses were met largely from private contributions.

The towns were, of course, the chief civil division below the county form, but there were others besides the ordinary school district. Thus, in addition to the city of Vergennes, there were occasional instances of incorporated school, fire and village districts. These could levy taxes for their particular needs, and their revenue apparently came mainly from that source.

9. *Administration.* Financial administration before the

Civil War had to do largely with the grand list. So far as general property is concerned, the manner of treating it as an element of the grand list has been considered in another section. Much of the discussion of the general property tax necessarily has related to administration. But the grand list, as has been seen, had other elements than general property, and its administration as a whole calls for further reference. It may best be understood by approaching it from the viewpoint of the town. Local revenue was collected at the rates fixed in town meeting. The grand list itself was prepared by the listers, who were elected annually. Originally they warned the inhabitants some time in May to give in writing "a true account of all their listable polls, and all their ratable estate," belonging to them on June 20th. By July 10th the signed lists were given to the listers. From August 10th to September 25th they went over the lists, and "polls and ratable estates" not appearing in them were fourfolded and added, and the fourfolding process was applied to the estates and polls of persons who had given in no lists. During this period of about six weeks an opportunity for inspecting the revised lists was given, and dissatisfied individuals were heard. The lists were transmitted to the legislature some time in October through a member. It should be noted that the oath of the listers was expressed in general terms, such as "faithfully execute the office" and "do equal right and justice to all men."

The grand list, perfected and lodged in the town clerk's office in the month of October, furnished the selectmen with their basis for making out individual rate bills in conformity with the rate voted at the town meeting in the spring. These rate bills were placed in the hands of the collector, to whom a warrant for collection was issued by a justice of the peace. The collector had for compensation two per cent of the receipts.

Such was the original process of collecting taxes on the grand list, and it was not changed in principle during subsequent years. Virtually the same process was employed in collecting town taxes on land, the selectmen ascertaining the amount of land within the town owned by each individual and making up rate bills by multiplying the amount by the rate per acre voted by the legislature. These land taxes on the basis of acreage, it will be remembered, became less and less common. Money once placed in the hands of the town treasurer by the collector was disbursed on orders from the selectmen, who acted in accordance with the votes of the people in town meeting.

The school district, which also was a taxing body, came legally into existence in 1787, when the first school law was enacted, but before the legislature gave it legal sanction it had been the custom to divide the towns for school purposes. The law of 1787 gave the school finances of the towns to some extent into the hands of town trustees, but a prudential committee was authorized for each district. The district was the real school unit after this law of 1787 was passed. It was authorized, as has been seen, to raise one-half of the amount it voted as a district by a tax on the grand list of the district, the other half to be provided either in that way or through an assessment proportioned to the number of pupils—sometimes called a “voluntary contribution.” The latter method was the usual one. The district having voted the tax, either wholly on the grand list, or half in this way and the remainder on the pupils, the prudential committee made out the rate bills and delivered them to the district’s collector, who on receiving a warrant from a justice of the peace proceeded to collect under authority similar to that possessed by a town collector.¹

¹ The districts for a long time were allowed to pay the school tax in produce. *Laws*, 1810, ch. cvii, p. 154

The expenditure of receipts obtained by the counties from liquor licenses and other sources was made under the direction of the judges. The building and care of court houses and jails were important concerns of county administration. Grand list taxes, ordered by the legislature, or sometimes by the members of the legislature from the county concerned, could be levied for these purposes on warrants issued to the town collectors by the treasurer of the county. At times when a grand list tax was imposed for a special purpose by act of the legislature, its disbursement was placed in the hands of a commission. The legislature ordered the town collectors to make the collection at the same rate of compensation given for commonwealth taxes and to transmit the proceeds to the county treasurer.

As during the period of independence, the grand list during the succeeding period was put in form for commonwealth taxation by the legislature. The listers of the towns, as has been said, were obliged to forward their lists by October of each year. The lists were turned over to the committee on grand list, which after real estate became listable on value acted as a commonwealth equalizing board in appraisal years. When the grand list of the commonwealth was approved by the legislature, and the amount of revenue needed had been determined, a rate was adopted, and the treasurer was authorized to issue his warrant to the town collector.¹ A committee on ways and means controlled financial matters in the General Assembly for twenty years before 1836, and after that year the finance committee represented the Senate.

The commonwealth funds continued to be disbursed on orders from a number of officials, including the judges.

¹ The compensation of collectors for collecting the commonwealth tax was, as a rule, two per cent.

This fact led in time to abuses which are clearly set forth in a special report of the auditor in 1842. Claims against the commonwealth could be allowed by the auditor, the quartermaster-general, the courts and the committee on debentures, besides the General Assembly itself, and if a claimant was unsuccessful in one direction he could try in another, with an excellent prospect of ultimate success, for the same claim could be renewed year after year. Thus there was no unity in disposing of claims. Moreover, there was insufficient provision for holding officials accountable for commonwealth funds handled. By the terms of the law of 1797, which was supposed to put the state's attorneys on a proper basis of returns, each state's attorney was to send annually to the treasurer a correct account, certified by at least one of the judges of the supreme court, of all charges in favor of the commonwealth, as well as of all money collected, together with a statement of the expenditure and cost in each action. The county clerks were to make returns on both civil and criminal cases. They also were to send to the treasurer duplicates or abstracts of all orders issued by them, and the treasurer was instructed not to pay any order until these abstracts had been received. The accounts of state's attorneys and clerks for services were to be approved by a judge at each session of a court, and the General Assembly itself passed finally upon such accounts. The Council of Censors in 1807 commented upon the ineffective character of the system as it worked at that time, and in the same year an act was passed which made provision for definite accounts with the state's attorneys. Each state's attorney at the opening of the session of the General Assembly in October was to exhibit to the treasurer a statement of the disposition of all money he had received, and to pay to the treasurer what was due that official. The treasurer had the functions of an auditor; he was

supposed to have information regarding the monetary transactions of a state's attorney through the returns made by the clerk for the county. But it is certain that the accounts contemplated by the law of 1807 for many years before 1843 had not been kept systematically by the treasurer.¹ The consequence of this lack of control over the state's attorneys was that the amount of payments by those officials to the treasury had fallen off markedly. This diminution in receipts from this source was occurring in the face of no considerable increase in the work of the courts. Court orders in the meantime had grown rapidly in amount. Thus the totals of these orders in 1838 was \$16,298.33; and in 1841 it was \$31,726.63, and there was a noticeable disproportion in the totals of these orders coming from different counties. The statutes, as just noted, required the county clerks to forward to the treasurer abstracts of orders drawn and that the treasurer should pay no order until an abstract had been received, but the law in this respect was a dead letter, according to the auditor's special report of 1842. Abstracts were forwarded to the treasurer, but they were inaccurate, and the treasurer seems to have paid the orders without regard to the receipt of the abstracts. All this time the auditor in the treasury each year approved the books of the treasurer.²

¹ "No returns of an earlier date than 1837 have been found, nor do the treasurer's books show any account with a state's attorney anterior to that period, and but few accounts since." Auditor's Report, Appendix of *House Journal*, 1842, p. 126.

² The office of "auditor in the treasury" was wholly distinct from that of "auditor of accounts." The latter official is the one referred to above as "auditor." The regular report of the auditor for 1843 makes the following statement, which illustrates the loose methods of the period before the law of 1842 went into effect: "In the course of the above investigation there were discovered vouchers to a large amount, on which there appeared nothing indicating that they had ever passed

The need of reform with respect to both auditing and accounting at length became clear to the legislature, which in 1841 took a few steps in the right direction and again in 1842 went still further.¹ The result was that by 1843 a thorough-going change had been effected. Thus accounts were opened with county clerks, funds for their probable expenses were supplied by the treasurer, and these expenses were certified by the judges. Payments by the clerks for miscellaneous expenses were no longer made through orders on the treasurer, but by money. These court orders, issued for small amounts in many cases, had circulated from hand to hand and were used in paying taxes, and it was impossible to say how much would be presented to the treasury in any year. An investigation showed that in the six years from 1837 to 1842 the amount of court orders apparently drawn was \$120,358.34, an average of \$20,059.72, while the amount of orders audited and paid in those years was \$143,499.93, an average of \$23,916.65. In the year 1842 the total of orders audited and paid was \$31,762.34, while the total drawn in that year seems to have been only \$10,550.01.² The elimination of these orders for miscellaneous court expenses was clearly a step forward. Careful accounts, to be settled each year, thereafter were kept also with each state's attorney and every other important official receiving commonwealth funds. All general claims against

the scrutiny of an accounting officer. They had most of them been audited before the act of the legislature which had made it the duty of the auditor of the treasurer's accounts to cancel them. These vouchers were enclosed in boxes, and no difficulty intervened to prevent their being presented a second or third time for payment at the treasury by any one having access to the keys of the State House but the integrity of our citizens and the labor of drawing a nail from a bass-wood board." *House Journal*, Appendix, p. 25.

¹ *Laws*, 1842, ch. ii, p. 8.

² *House Journal*, 1843, Appendix, p. 24.

the commonwealth required the approval of the auditor before becoming payable, but an appeal could be taken to the General Assembly. In addition to making proper provision for future accounting and auditing, the law enforced a general clearing up of unsettled accounts with officers and individuals and more uniformity in allowances for services connected with the administration of justice. A work of great value was done at this time, under the leadership of an able auditor, and the system remained unchanged in any important aspect until the very end of the pre-war period.

10. *A Treasury Defalcation.* A defalcation of \$48,428.76¹ by the commonwealth treasurer was discovered in the fall of 1860, notwithstanding this great improvement in accounting and auditing. A new treasurer had taken office in the fall of 1860, and in connection with the transfer of the commonwealth's funds the first absolute proof of irregularity appeared. The deficiency was caused by the treasurer employing the money of the commonwealth for his own use and for speculative enterprises in which he and others were interested. His books were found to be in the greatest confusion. A committee of the legislature of 1860² said, after a brief investigation:

The accounts of the late treasurer with the towns or their constables, relating to taxes, are full of errors, both ways. In some instances receipts are given for money not credited, and in some instances money paid and no receipt given and money not accounted for; and in one instance at least money was credited which never had been paid; and the committee are of opinion that the treasurer himself did not know how the

¹ Report of commissioners to settle with sureties, *House Journal*, 1861, p. 432.

² *House Journal*, 1860, p. 414.

accounts stood, and did not dare to press the collection for fear the errors might be detected.

The deficiency had three sources—the loans to the commonwealth by individuals which were not reported by the treasurer; the amount due several banks which had been reported by the treasurer as paid, and the amount collected on taxes and not credited. The defaulting official had transferred most of his property to others, but in the course of time a considerable portion of the deficiency was recovered. Most of the sureties were assessed amounts ranging from \$1 to \$600, by a relief act of the General Assembly. Two of the sureties were concerned with the treasurer in his investments. The lesson of the defalcation was not lost, for immediately, at the session of 1860, an act was passed “for the better protection of the treasury.” It provided among other things that the treasurer should give duplicate receipts for all money received and that one of these receipts should be sent to the auditor. Contracts of the treasurer could not bind the commonwealth unless they were countersigned by the secretary of state.

11. *Summary.* The period before the Civil War, as I have said, was one of comparatively small expenditure, based on receipts derived in greatest part from taxes on the grand list. The development of the general property tax from a classification of elements with specific valuations for each element into a simple general property tax in which all property, with certain exceptions, was supposed to be listed at one per cent of its actual value, was the significant feature. Ordinary expenditure increased about sevenfold through a natural growth of necessities, such as the care of criminals and defectives and the administration of justice, and through the change of the legislative organization to a bicameral system in 1836. A State Bank had a short and

unfortunate career. Internal improvements, so far as the commonwealth was concerned, had no part in the finances of the period. Perhaps in consequence of this fact there was no funded debt contracted until the very end. The most interesting project, from an educational viewpoint, of the period was the establishment of a school fund, which ultimately was absorbed by the general treasury.

CHAPTER V

FROM THE CIVIL WAR TO 1878

1. *Revenue and Expenditure.* This period saw no material change in the nature of the grand list, on which nearly all taxes were levied, but after the war there were increasing complaints of the working of the general property portion of the tax. The commonwealth managed its war finances with wisdom. Heavy taxes went hand in hand with borrowing, total receipts rising from \$244,875.89 in 1860 to \$1,782,343.11 in 1864, and \$1,585,172.95 in 1865, and of the \$1,782,343.11 in 1864 but \$315,000 came from loans, and of the \$1,585,172.95 received in 1865 loans amounted to but \$250,000. The period began immediately after the discovery of a defalcation of \$48,428.76, but this seemed no doubt a trifling loss in the face of the total receipts and expenditures of the succeeding years. The commonwealth paid its debt as rapidly as possible, but when this had been done by 1878 expenditure remained on a much higher scale than before the war. Thus, in 1881 the total disbursements were \$438,062, in comparison with \$234,276.15 in 1860.

2. *The Commonwealth Debt.* As was said in the preceding chapter, the commonwealth closed the period before the Civil War with a debt of \$190,000, due mainly to the new capitol and consisting of two funded loans of \$100,000 and \$75,000 and two additional loans of \$5,000 and \$10,000 contracted in 1860. The following year (1861) saw \$350,000 of ten-year bonds, due in 1871, issued on account of the war. The record for the fiscal year 1862 is

comprised in the payment of the two small loans of 1860 (totaling \$15,000), and the issuance of \$401,000 more of bonds authorized in 1861 and due in 1871. The liabilities at the close of the fiscal year were: ¹

Loan of 1857, due Nov. 1, 1862	\$100,000.00
Loan of 1859, due Nov. 21, 1864	75,000.00
Loan of April, 1861, bonds payable June 1, 1871	751,000.00
Loan of 1861, due Oct. 1, 1862	20,000.00
Loan of 1861, due Dec. 1, 1862	3,000.00
Loan of 1861, due Jan. 1, 1863	35,000.00
Total	\$984,000.00

A year later, at the close of the fiscal period of 1863, the liabilities were: ²

Balance of loan of 1857, due Nov. 1, 1862, not presented for payment	\$500.00
Loan of 1859, due Nov. 21, 1864	75,000.00
Loan of April, 1861, bonds payable June 1, 1871	900,000.00
Loan of Nov., 1862, bonds payable Dec. 1, 1876	205,000.00
Loan of 1862, due Oct. 1, 1863	7,000.00
Loan of 1862, due Jan. 1, 1864	5,000.00
Total	\$1,192,500.00

During this year treasury notes to the amount of \$351,000 were issued in anticipation of taxes, and all but the two notes of \$7,000 and \$5,000 were paid later in the year.

At the close of the fiscal year 1864 the liabilities were: ³

Loan of April, 1861, bonds payable June 1, 1871	\$900,000.00
Loan of Nov., 1862, bonds payable Dec. 1, 1876	250,000.00
Loan of Nov., 1862, bonds payable Dec. 1, 1874	250,000.00
Loan of 1859, due Nov. 21, 1864	75,000.00
Loan of 1857, past due	500.00
Loan of 1863, due Oct. 1, 1864	9,000.00
Loan of 1863, due Nov. 1, 1864	7,000.00
Loan of 1863, due Jan. 1, 1865	4,000.00
Total	\$1,495,500.00

¹ *Auditor's Report*, 1862, p. 80. ² *Ibid.*, 1863, p. 12. ³ *Ibid.*, 1864, p. 17.

During this year treasury notes to the amount of \$264,000 were issued in anticipation of taxes, and all but the three loans for \$9,000, \$7,000, and \$4,000 were paid before the close of the fiscal year.

At the close of the fiscal year 1865 the liabilities stood as follows:¹

Loan of April, 1861, bonds payable June 1, 1871	\$900,000.00
Loan of Nov., 1862, bonds payable Dec. 1, 1876	250,000.00
Loan of Nov., 1862, bonds payable Dec. 1, 1874	250,000.00
Loan of Nov., 1862, bonds payable Dec. 1, 1878	250,000.00
Loan of 1859, due Nov. 21, 1865	25,000.00
Total	\$1,675,000.00

The total debt at this time, it will be seen, was \$1,675,000. This was the high-water mark of Vermont's indebtedness. It will be noticed that no previous reference has been made to a loan of \$25,000, due on November 21, 1865. But as one of \$75,000 was due on November 21, 1864, it is to be inferred that only a portion of the \$75,000 was paid when it became due. Such actually was the case, and it is presumable that there was an extension for another year, although no reference to such action is made in the auditor's and treasurer's reports. During this fiscal year another temporary loan in anticipation of taxes was made, the amount being \$236,000. All treasurer's notes issued under the act of 1863 were paid before the close of the fiscal period, and \$202,000 were issued under an act of 1864 and paid before the end of the year. Thus during this year (1865) the total amount borrowed as temporary loan was \$438,000. These temporary loans were taken in greater part by the banks of the commonwealth, some of which were required by their charters to make such loans and to charge only the legal rate of interest, six per cent.

¹ Auditor's Report, 1865, p. 17.

The authority by which the funded loan of \$900,000 falling due in 1871 was made was contained in an act passed in April, 1861, authorizing bonds to the amount of \$1,000,000. The remainder of the funded debt was authorized by an act of November, 1862, permitting an issue of \$750,000. Again, in 1864, the treasurer was authorized to make a further issue of \$500,000, but this resource was not needed to carry through the remaining measures relating to the war. On the contrary, at the session of 1865 steps were taken to reduce the funded debt; for the payment of the bonds due in 1871 a sum not exceeding \$150,000 was appropriated, to be spent by the treasurer with the advice of the governor during the following year. This policy of devoting not more than \$150,000 each year to the retirement of the debt was followed for a time. In 1874, however, the buying of unmatured bonds was abandoned on account of the extent of the premium. It should be said that in 1867 provision was made for exchanging the bonds issued, which were all coupon bonds, for registered certificates, and in 1870 the registered bonds in which the agricultural college fund of \$135,500 had been invested were exchanged for registered bonds redeemable on June 1, 1890. By reason of this act of 1870 the funded debt was continued beyond December 1, 1878, at which time all but the \$135,500 in that fund had either been acquired by the treasury in advance of maturity or had been redeemed at maturity.

The funded debt due in 1890 was extended to 1910 and again to 1932. It still is the debt of the commonwealth to itself. This also is true of the Huntington fund of \$211,131.46, which under an act of 1884 was applied to the general purposes of the treasury but was made subject to interest payments at six per cent. It will pass in time under the control of the trustees of the permanent public school

fund of the commonwealth, as an act of 1906 provided that whenever there is a surplus in the treasury over liabilities a portion of that surplus shall be paid to the trustees, until the amount of the Huntington fund originally covered into the treasury shall have been conveyed to the new fund.¹ The interest on the agricultural college fund, it should be said, now is five per cent instead of six per cent, the commonwealth making a direct appropriation to provide for the difference.

3. *Local Debts.* During the decade between 1860 and 1870 local debts accumulated greatly. They were contracted almost wholly by the towns, villages and cities rather than by the counties, for the counties spent little money save for the building and maintenance of structures connected with the administration of justice. The towns generally spent much during the war to assist in raising and supporting troops, and some of them contracted debts for the assistance of railroad projects. The census of 1870² does not distinguish the objects of the local indebtedness reported for that year, but it undoubtedly was largely for war purposes. The indebtedness was \$8,042 so far as the counties were concerned, and bonds had been issued for the whole. The minor civil division in that year (1870) had a total indebtedness of \$2,584,158, for \$1,470,094 of which bonds had been issued. The indebtedness less sinking-fund assets of the counties and minor civil divisions had risen to \$4,348,168 by 1880, but the war had little to do with the increase of local indebtedness. How far it was due to the assistance given by towns and cities to railroad companies is not entirely clear. Before

¹ The Huntington fund was given to the commonwealth for school purposes. See "Funds," chapter VI, in which the permanent public school fund also is explained.

² *Wealth and Industry*, Ninth Census, p. 11.

1872 in particular instances towns had been authorized to give such assistance, and in that year the policy was made general.¹ A portion of the debt of 1880 was due to this object. In the analysis of outstanding bonded indebtedness of the states and minor civil divisions combined which appeared in the census of 1880, out of a total bonded indebtedness in Vermont of \$3,218,863 "railroad and other aid" is responsible for \$1,895,228, or over one-half of the local debt, the debt of the commonwealth then being only \$135,500.²

4. *Expenditure for the Civil War.* The auditor in his report for the year 1866 summarizes expenditure for the Civil War. He gives the following figures for expenditure from the commonwealth treasury:

Extra state pay	\$3,353,199.74
Governor's warrants for military expenses	1,121,631.17
Governor's warrants for relief of soldiers' families	76,129.51
Auditor's orders for military expenses	6,411.49
United States direct tax	179,407.80
Total	<u>\$4,736,779.71</u>

The towns, according to returns to the auditor made in the same year spent \$5,210,742.86 for such war expenses as bounties, subsistence, transportation and services of the selectmen. The total expenditure of the civil divisions of Vermont for Civil War purposes, therefore, appears to have been \$9,947,522.57.³ No interest on the war debt seems to have been reported in either the commonwealth or local expenditures. Hence the actual expenditure on this account was much larger than the amount stated.

¹ *Laws*, 1872, ch. xxxv, p. 75.

² *Valuation, Taxation and Public Indebtedness*, Tenth Census, pp. 674 and 766.

³ *Auditor's Report*, 1866, p. 4.

Again, the receipts of the commonwealth from the federal government to offset this expenditure should be given if the net cost to Vermont is to be found. These receipts had by 1874 amounted to \$852,460.78,¹ and in 1878 the further sum of \$2,293.58 was collected. The direct war tax was refunded in 1892. If these three items are deducted from the total expenditure, we have left \$8,913,360.49, which appears to be approximately the cost of the war to Vermont. This computation ignores the payment of interest as an expenditure and also the receipt from the federal government in 1903 and 1905 of the claim for interest paid on commonwealth loans. The amount received on this claim in those years was \$280,453.56.

5. *Summary.* This period was marked by the financing of the Civil War and by a higher scale of expenditure, due in large part to the war. New offices had been created, and salaries had been increased in some instances. An industrial school for delinquents had been opened soon after the close of the war, and later a house of correction was established. A new era had dawned, and in consequence the revenue system which had done very well for the period before the war could not continue to be altogether satisfactory.

¹ *Auditor's Report*, 1874, p. 4.

CHAPTER VI

RECENT LEGISLATION AND TENDENCIES

1. *Corporation Taxes.* From 1878 to the present time a development of corporation taxation has been going on, and this resource, combined with a collateral inheritance tax, came in the course of twenty-five years to be sufficient to meet most of the expenses of the commonwealth, aside from schools and highways. Taxes for these two purposes are still levied on the grand list, but in a sense they are not for commonwealth purposes. The object of both taxes is to secure a distribution which shall give greater uniformity and excellence to the schools and highways throughout the commonwealth. For ordinary expenditures thus the general property tax is relegated to local uses, while corporation and inheritance taxes with miscellaneous revenue meet the needs of the commonwealth. The latest tax on the grand list for ordinary purposes was in 1901. In saying that the development of corporation taxation has come since 1878, it is not intended to imply that there were no corporation taxes before that year; such taxes indeed were mentioned in Chapter IV. What should be understood is that before that year such taxes were few, incidental and comparatively unremunerative. No comprehensive plan for securing revenue from this source had been evolved. Only a beginning indeed was made in 1878.

2. *Taxes on Banks and Trust Companies.* For a period of about thirty years, until 1878, there were no taxes on banks of deposit or savings banks, as banks; the interest of

individuals in such institutions was taxed as general property. In the meantime, soon after the passage of the national banking act the commonwealth banks of deposit went out of existence as such and in many cases received special charters as trust companies or "savings banks and trust companies." These two classes of institutions were the lineal descendants of the commonwealth banks, and continued to be taxed only through their shares in the hands of individuals.¹

The law of 1878 was an important departure from the prevailing practice. There had been much complaint of evasions of the provision requiring deposits of over \$250 in savings banks to be listed with other general property. Thus the inspector of finance in the year mentioned said: "In one of the largest banks of the state the treasurer was able to return for taxation, under the present law, only about one-tenth of its total deposits, from the fact that deposits, when made, are in many cases divided into sums of \$250 or less, and placed to the credit of different persons, wrong residences and fictitious names given in some cases, and the law otherwise avoided; and, as in the case named above, some of the banks hold large deposits of non-residents, which of course escape all taxes."

The law of 1878 aimed to reach these untaxed deposits.² A rate of one-half of one per cent was imposed on the total of deposits and accumulations, after deducting the value of the institution's real estate, and the proportion of the tax which came from Vermont deposits was distributed pro rata to the towns, while the remainder, derived from depositors living outside of Vermont, was retained in the commonwealth treasury. The law gave impetus to the

¹ A "savings bank and trust company" is classed as a trust company in this chapter.

² *Laws*, 1878, ch. iii, p. 18.

movement for a general corporation tax law, which was enacted in 1882 and under which the savings bank tax was modified, coming to be, in fact, a strictly commonwealth tax.¹ The new law of 1882 also made provision for taxing trust companies as units on their deposits as well as through shareholders.

By this law a discrimination was made between the two classes of institutions. Thus savings banks were taxed at the rate of one-half of one per cent on the average amount of deposits and accumulations, with the value of real estate owned and the total individual deposits in excess of \$1,500 deducted, while trust companies were subjected to a rate of one per cent on their average amount of deposits, with the amount of assets invested in real estate and individual deposits in excess of \$1,500 deducted. The deposits in excess of \$1,500 were listed to the individuals in the towns in which they lived. The trust companies immediately protested against the discrimination by which their rate was twice that of the savings banks, and at the next session of the legislature (1884) the rate for both classes of institutions was fixed at sixth-tenths of one per cent.

On this basis of equality as to taxation the two kinds of institutions—savings banks and trust companies—remained for about a decade, the rate in the meantime, in 1890, being raised to seven-tenths of one per cent. This rate is still imposed, but in 1894 and subsequently new provisions respecting deductions were made.² Thus in 1896 trust companies were denied the privilege of deducting from the total of deposits which were taxable the assessed value of their real estate. This deduction, it had been observed, was a second deduction for real estate, which already had been de-

¹ *Laws*, 1882, ch. i, p. 3.

² *Laws*, 1894, ch. viii, p. 11.

ducted from the value of the shares of stock, for it is to be borne in mind that these shares were still taxable to the individual holders. At the same time the law also was amended so that ten per cent, and no more, of the assets of either a savings bank or a trust company could be deducted on the ground of investment in United States government bonds.¹ Again, in 1902, the deduction for individual deposits was increased from \$1,500 to \$2,000.² Deposits over that amount were to be placed in the town lists. It had been found by experience that little had been gained by the towns in requiring all deposits of more than \$1,500 to be put in the lists, while it was certain that an extension of the limit would give a noticeable addition to the revenue from the banks and trust companies. This tendency was seen again in 1906³ when all individual deposits not exceeding \$2,000 in any one bank were exempted from local taxation and made subject to the commonwealth tax. Still later, in 1910, all deposits in Vermont savings banks and trust companies were taxed by the commonwealth only.⁴

Receipts from savings banks and trust companies are the most important element of the corporation tax, amounting in 1912 to \$527,216.45.

In 1906 the interest-bearing deposits of national banks, when the rate exceeds two per cent a year, were taxed at the rate employed for savings banks and trust companies. This was theoretically a tax on the depositors individually, and before the enactment of the law such deposits legally were included in the grand list. But provision is made for the payment of the tax by the banks and its deduction from

¹ *Laws*, 1896, ch. xviii, p. 13.

² *Laws*, 1902, ch. xx, p. 32.

³ *Laws*, 1906, ch. xxviii, p. 21.

⁴ *Laws*, 1910, ch. xxv, p. 25.

the interest paid the depositors, if the banks so elect. It is a voluntary matter, so far as the national banks are concerned, but the institutions of this kind in the commonwealth which had interest-bearing deposits chose generally to relieve their depositors from the payment of this tax of seven-tenths of one per cent. The tax gave in 1912 receipts of \$50,974.09. The commissioner of taxes in his report for 1908 says that prior to the legislation of Vermont on this subject in 1906 no commonwealth imposed a tax on interest-bearing deposits. It is apparent that the proceeds are a clear gain to the public treasury, for, instead of any falling off in the amount of personal property in the grand list due to the removal of these deposits from the list, there was a small increase in such property after 1906. The future of this tax, however, is uncertain. It was upheld by the supreme court in 1910 except in so far as it appears to tax the deposits of non-residents, but an appeal has been taken to the Supreme Court of the United States.¹ If it is true that deposits of non-residents have been taxed under this act, still the statute does not in terms tax them, and that part of the law is not material to its success.

The wisdom of taxing bank deposits at so high a rate as seven-tenths of one per cent is open to question. The original rate on deposits in savings banks was one-half of one per cent, and if a change in rate should occur there seems to be a disposition to move in that direction rather than toward a higher rate.

3. *Taxes on Insurance Companies.* The act of 1882 practically began the taxation of insurance companies. By this act both foreign and domestic companies were called upon to pay at the rate of two per cent on the amount of premiums and assessments received in Vermont. In addi-

¹ State vs. Clement National Bank, 84 Vermont, 171.

tion a home life company, the National Life, was taxed one-half of one per cent (one per cent after 1890) on its surplus over a reserve of four per cent on existing policies, with the value of the real estate owned deducted from the surplus. In substantially this form the law respecting insurance companies remained for twenty years, although in 1888 an act was passed to provide for reciprocity in tax and other burdens if other commonwealths imposed higher taxes and fees than those of Vermont.¹ Then, in 1902, a revision of importance was made, the rate on net premiums and assessments of both foreign and domestic companies received in Vermont remaining the same, however, two per cent. The provision for the additional tax on home life companies' surplus was more detailed than that which it superseded.² The latest amendment of the law as it relates to insurance companies is that of 1908, imposing a tax of one per cent upon the surplus of all domestic fire, accident and fidelity companies, in addition to the tax on premiums and assessments.³

§ 4. *Taxes on Railroads.* Until 1882 railroads generally were taxed as a part of the grand list; that is, the stock was taxed in the hands of holders and the property itself was not listed to the companies. A number of special laws relating to railroads, however, were enacted before that date. The commonwealth from 1855 on levied an assessment on railroad companies doing business within Vermont for paying the salary of a commissioner. The apportionment was made by the treasurer in proportion to the time devoted to each company and the expense incurred. In 1853 also another form of special tax in distinction from the grand list

¹ *Laws*, 1888, ch. cxv, p. 125.

² *Laws*, 1902, ch. xx, p. 23.

³ *Laws*, 1909, ch. xxx, p. 26.

tax was levied. This was one of one per cent on railroad stock owned outside the commonwealth, if it yielded six per cent interest. The system was continued until 1874. Again, in 1874, the idea of listing the physical property instead of the shares was tried. The law of that year authorized the assessment of the real estate of such companies by the town listers in the same way that other real estate was listed.¹ At the same time it was provided that a railroad was to be exempt from taxation for a period of ten years from the time trains began to run over the entire system within the commonwealth. Under this act the personal property was not taxed. The differentiation between railroad real estate and other real estate consisted in a provision by which the assessment of the roadbed could not be put at more than \$2,000 a mile of the main line. This attempt to value railroad property by local standards was at once seen to be far from precise. There was a tendency on the part of the listers to put the assessment of the roadbed up to the limit, and when that was the case and either the county or the commonwealth equalization board raised the total valuation for the town the railroad real estate went above \$2,000 a mile. To correct this perversion of the intention of the law an act was passed in 1878 by which railroad and other forms of real estate were appraised separately both by the listers and the county board, and in the equalization of the roadbed no higher valuation than \$2,000 per mile was permitted.² Again, in 1880, a board of commissioners was authorized for assessing roadbeds, other real estate being left to the listers.³

¹ *Laws*, 1874, ch. iv, p. 16.

² *Laws*, 1878, ch. cii, p. 94.

³ *Laws*, 1880, ch. lxxx, p. 81.

This method of taxing the railroads through their real estate, even after the manner of assessment was changed, was distinctly unsatisfactory. It was claimed that the companies were not paying their share, the appraisal being too low. This situation was a leading factor in inducing the legislature of 1882 to enact the corporation tax law of that year, in which the railroad part of the problem was met by a tax on gross earnings. The entire earnings were taxed if the road lay wholly within the commonwealth, and if it was partly within and partly without the proportion of earnings taxed was that which the mileage of trains run within the commonwealth bore to the mileage of all trains run on the main line. A graduated scale of rates was imposed. On the first \$2,000 of gross earnings per mile, or the total earnings if these were less than \$2,000, the rate was two per cent; on the first \$1,000 or part thereof above \$2,000 a mile, three per cent; on the first \$1,000 or part thereof above \$3,000, four per cent, and on all earnings above \$4,000 a mile, five per cent.

The act provided specifically that charter exemptions from taxation should no longer obtain. This provision had special reference to the Vermont Central Company, which when chartered was allowed a total exemption from taxation on its stock and its property used for railroad purposes.¹ It should be said that this was one portion of an agreement between the company and the commonwealth by which at the end of twenty years from the opening of the road the legislature would have the right to buy the property and franchises on payment of the amount expended in building the road, all other expenses and ten per cent interest, with a deduction of all receipts. The agreement further stipulated that at the end of each ten-year period

¹ *Laws*, 1843, ch. liii, p. 49.

the legislature might reduce the rates so that the net income would be not more than ten per cent of the cost of construction, or instead of reducing rates the legislature might require the company to pay to the commonwealth the surplus over ten per cent of the cost of construction. That this was a very poor bargain for the commonwealth must be inferred from the fact that, while the railroad was not taken over by the latter, up to the passage of the law of 1882 the Vermont Central had paid nothing to the treasury and rates had not been reduced by reason of a surplus. At that time it was in the hands of receivers, and in the following year the mortgage held by the Central Vermont, a new corporation, was foreclosed. The charter of this new corporation did not contain any provision for exemption from taxation.

The portions of the corporation tax law of 1882 which related to inter-commonwealth transportation were declared unconstitutional by the Vermont supreme court in 1890, on the ground that the Federal Supreme Court had pronounced taxes on gross receipts to be an infringement of commerce between the commonwealths.¹ In the same year the legislature revised the law to meet this objection, substituting for a tax on gross earnings one on the value of the property, including franchises.² Very full returns to the commissioner of state taxes, including the market value of stocks and bonds and the totals of gross and net earnings, were required of the railroad companies for the purpose of ascertaining the total value of their properties. If a railroad did inter-commonwealth business, the total valuation was divided by the number of miles of the main line to get the average value a mile, and this average value a mile was

¹ Rutland Railroad Co. *vs.* Central Vermont Railroad Co. *et al.*, 63 Vermont, 1.

² *Laws*, 1890, ch. iii, p. 5.

multiplied by the number of miles within the commonwealth to find the value for taxation. The rate assessed upon the valuation was seven-tenths of one per cent. Thus the railroad tax became nominally one on property. Yet in effect it remained a tax on gross earnings, for the companies were offered the alternative of paying on their gross earnings at a uniform rate of two and one-half per cent. The portion of the total of gross earnings to which this rate was applied was that which corresponded to the ratio between the mileage of trains run within the commonwealth and the total mileage of all trains run on the main line. Most of the companies have elected to pay upon the gross earnings rather than on property valuation.¹ This railroad tax was in lieu of taxes on shares in the hands of holders. Railroads, in the eyes of the statute, include street car lines.

The law of 1890 has continued this principle up to this time, the amendments made since that year doing little more than to perfect the system. Thus, in 1904, the rate on the property valuation was fixed at one per cent instead of seven-tenths of one per cent and in the same year the portion of total gross earnings on which the rate of two and one-half per cent was levied was determined by the ratio which the mileage of "revenue earning" trains run within the commonwealth bore to the total mileage of "revenue earning" trains, the change implying the elimination of trains that did not produce receipts directly.² The preference of the companies for this alternative, gross-earnings, tax, still continues. A much more important change was made in 1906 when the law returned to the original act of

¹ This optional method of taxation, as will be seen, applies to other corporations than railroads. If the earnings form is chosen, it is just as mandatory as the property form. *State vs. Rutland Railroad Co.*, 81 Vt., 508.

² *Laws*, 1904, ch. xxix, p. 32.

1882 by making the differentiation in the rates on gross earnings in accordance with the earning capacity of the companies.¹ Thus, a rate of two and one half per cent of the gross receipts was placed on those roads whose annual earnings did not exceed \$2,000 per mile of trackage; two and three-fourths per cent was the rate for roads whose earnings were between \$2,000 and \$2,500 per mile; three per cent on earnings between \$2,500 and \$3,000; three and one-fourth per cent on earnings between \$3,000 and \$3,500; three and one-half per cent on earnings between \$3,500 and \$4,000; three and three-fourths per cent on earnings between \$4,000 and \$4,500; and four per cent on excess of earnings over \$4,500. This readjustment was in response to a belief that the tax on railroad property was too small. Indeed it was shown in the report of the special committee which reported in 1900 that these companies had been paying at the rate of 3.95 mills on the dollar, while property in the grand list had been paying 15.19 mills on the dollar.² Nor has the new classification of rates satisfied the criticism that the railroads are insufficiently taxed. The comparison of railroad property with that of individuals, however, is misleading, since the former is given a higher valuation for taxation than is ordinary real estate and since the individual may offset his debts from his personal property while a railroad is not permitted to do so.

The rate employed in the tax on appraisal was raised from one per cent to one and one-fourth per cent in 1908. It should be said that the appraisal on property and franchise does not include real estate not used for railroad purposes, water power and electric light and gas plants.³ But

¹ *Laws*, 1906, ch. xxxvii, p. 35.

² *Report of Committee on Double Taxation*, 1900, p. 38.

³ *Laws*, 1908, ch. xxix, p. 25.

it is still true that most of the companies pay on their earnings, and hence the tax on appraisals is of less importance.

5. *Taxes on Other Corporations.* Little had been done before 1880 in the way of taxing other corporations and share companies save through the general property tax. In that year, following the recent efforts to reach railroads and savings banks, the legislature enacted a law taxing express and telegraph companies at the rate of two per cent on gross receipts obtained within the commonwealth.¹ This tax was in lieu of all levies on the personal property of such companies; real estate was taxed under the listing law. This law of 1880 was the nucleus of the corporation tax law of 1882, which was the first law to attempt the direct taxation of all corporations of a public service or financial character. The act of 1882 was denominated one to tax "the corporate franchise of business in this state of railroad, insurance, guarantee, express, telegraph, telephone, steamboat, car and transportation companies, savings banks, savings institutions and trust companies." We have seen how it met the demand for taxing savings banks, trust companies, insurance companies and railroads. It was in principle largely a tax on gross receipts. Accordingly we find that express, telegraph and telephone companies were levied on at the rate of three per cent of their gross receipts from business done in Vermont. On steamboat, car and transportation companies the rate was two per cent.

As was said in the discussion of railroad taxes, the change in the principle of the law made by the act of 1890 was from gross earnings or receipts to property, although the gross earnings or receipts principle was retained as an alternative and was so generally accepted by the corporations that the practice, if not the theory, of the law remained

¹ *Laws*, 1880, ch. lxxxii, p. 83.

largely undisturbed. At this time, therefore, the tax on steamboat, car and transportation companies became one on property (which includes franchises) at the rate of seven-tenths of one per cent (made one per cent in 1904), or on gross earnings at two per cent (later, in 1902, made two and one-half per cent). With telegraph, express, telephone and sleeping and similar car companies, on the other hand, the only tax provided was one on gross receipts. Thus, the rate for telegraph companies was fixed at ten per cent for gross receipts, that for express companies four per cent, that for telephone companies three per cent, and that for sleeping-car companies five per cent. An addition to the list of classes of corporations taxed was building and investment companies. These were taxed at the rate of one per cent of the aggregate amount of money received for investment outside the commonwealth and upon the aggregate amount of securities of any kind negotiated. This tax was to be levied upon persons as well as companies and corporations engaged in the business mentioned, but any person or company doing this kind of business could avoid payment by giving to the commissioner of taxes the names and residences of the persons or companies from whom the money was received or to whom the securities were sold, with the amount involved. In this event the tax was assessed to the persons or companies concerned.

The enactment in 1890 of this extensive revision of the law of 1882 was followed by two interesting incidents. It will be noticed that the rate required from express companies on their gross receipts was increased from three to four per cent. The companies at once sought to recoup themselves for the additional one per cent through higher charges. At a special session of the legislature in the summer of 1891 (not called for this purpose) an act was passed prohibiting the companies from charging higher rates than

had been imposed previous to the revision.¹ The companies complied with the legislative mandate without action in the courts. The other incident related to the tax on telegraph companies. By the law of 1882 this tax had been fixed at three per cent on the gross receipts from business done in Vermont, while by the revision of 1890 it had been raised to ten per cent, with no provision for an alternative tax based on property valuation. The Western Union Telegraph Company contested the new tax on the ground that the rate was so high as to be a violation of the constitutional provision that property is not to be taken except by due process of law, and on the further ground that this tax was on inter-commonwealth business. The legislature of 1892 conceded the force of these objections by changing the tax to one on property; that is, a rate of sixty cents per mile of poles and one line of wire, and one of forty cents per mile for each additional wire were prescribed for lines operated within the commonwealth. At the same time an alternative tax of three per cent of the gross earnings received within the commonwealth was permitted.² The suit in chancery of the Western Union Company thereupon was dropped, and a compromise was effected by the commonwealth with the company in reference to unpaid back taxes and the penalties which had accrued. In 1894 the phraseology of the law was changed so that the three per cent rate was to apply to "gross earnings on business done wholly within this state."

The amendments of the law, with the above exceptions, which have been made since the revision of 1890 have affected few changes in the class of corporations under consideration. One of these amendments was that of 1902,

¹ *Laws*, 1891, ch. iv, p. 5.

² *Laws*, 1892, ch. xv, p. 21.

which referred to telephone companies. Such companies since 1882 had been subject to a rate of three per cent on gross receipts derived from business done wholly within the commonwealth. By the amendment this provision was retained as the alternative for a property tax similar to that on telegraph companies. Thus the main provision of the tax on telephone companies was now to the following effect: A rate of forty cents each upon the average number of transmitters in operation within the commonwealth during the year was imposed, and also a rate of thirty cents per mile upon the average mileage of all telephone wires within the commonwealth.¹ At the next session, that of 1904, telephone companies were given the right to use in lieu of the tax on poles and wire one on gross earnings on business *sent or received* in Vermont, including tolls and rentals of lines, instruments, etc., and from any division or apportionment of tolls or rentals. The rate on such gross earnings was still three per cent. The only change in recent years in reference to telegraph companies has been that of 1902 by which the tax of three per cent is on the entire gross earnings collected within the commonwealth on account of messages sent or received therein. In 1904 the tax on sleeping, parlor and dining-car companies was put on the property basis and the rate fixed at seven-tenths of one per cent. No alternative tax on earnings was permitted. The means of determining the valuation for taxation in Vermont of these companies is this: That portion of the entire capital invested or used is taken which the number of miles of all railroads within Vermont on which such cars have been operated bears to the total number of miles of all railroads, within and without the commonwealth, on which cars have been operated. A change also was made in the tax on ex-

¹ *Laws*, 1902, ch. xx, p. 22.

press companies in this year.¹ The tax on such companies had been after 1890 one of four per cent on gross receipts earned within the commonwealth; it was now fixed at \$8 for every mile of railroad in Vermont over which property was transported for hire, and in 1906 a more careful definition of intra-commonwealth was made. This arbitrary tax was due to the failure of the companies to furnish adequate data of their business.

6. *Charter and License Taxes.* For convenience "charter fees" are considered under this title. Charter fees have been required since 1898, whether a corporation received its charter under a general or under a special act of the legislature.² These fees have been graduated according to the amount of capital stock. An act of 1900 provided that when a corporation increases its capital stock an additional fee equal to the difference between the original fee and that which would have been charged if the capital stock had been the later total shall be assessed. These charter fees are required as part of the process of securing a charter. What is denominated a "charter tax" is paid to keep alive a charter before organization thereunder is affected. This form of tax naturally yields only a small return.

Annual license taxes payable by both domestic and foreign corporations were established in 1894. For corporations having a capital stock or deposit of \$50,000 or less the tax was fixed at \$10, and for each additional \$50,000 or fractional part thereof of capital stock or deposits another charge of \$5 was made. But no tax could be more than \$50. This scale of license taxes still obtains. Since 1902 the scope of the law has included all private corporations and joint stock associations of a business nature, while

¹ *Laws*, 1904, ch. xxix, p. 34.

² *Laws*, 1898, ch. xix, p. 14.

originally only corporations having capital stock were referred to.¹ This license tax, it will be seen, is very comprehensive.

7. *Business License Fees.* A number of forms of business have been subjected to fees, which when greater than the cost of the service rendered by the public officials to the business might better be classed as taxes. The term "fees" is here used, however, to distinguish such receipts from the annual license taxes charged against corporations as such. We may notice, first, liquor license fees. These began with the history of the commonwealth, and generally were assessed by the county judges, for the counties; they varied in amount at the discretion of the judges within certain limits. In 1852 the policy of prohibition was adopted and the former fees were no longer possible. Under this policy some revenue in another form was received through the establishment of town liquor agencies for sale for medicinal and mechanical purposes. All the profits of the agencies above ten per cent of the cost was turned in later years into the commonwealth treasury. The policy of prohibition continued uninterruptedly for just half a century and in 1903 local option was permitted. The fees under this law were fixed at the following rates, and the proceeds went to the towns: First-class licenses, \$500 to \$1,200 at the discretion of the licensing boards; second class, \$300; third class, \$250; fourth class, \$1,000; fifth class, \$10; sixth class, relating to summer hotels, proportioned as to the time for which they were issued to the fees of the first class; seventh class, \$150. Some changes were made in this schedule at succeeding sessions of the legislature, and now (1912) the fees are as follows: First-class licenses, for liquors of all kinds to be drunk on the premises, \$800 to

¹ *Laws*, 1902, ch. xx, p. 26.

\$1,200, except that in towns of less than 1,500 inhabitants the fee may be as low as \$300; second class, for liquors of all kinds to be sold at retail and not to be drunk on the premises, \$800 to \$2,000; third class, malt liquors, cider and wines, to be drunk on the premises, \$250 to \$500; fourth class, for wholesaling, \$750, but \$500 for malt liquors; fifth class, for medicinal purposes, not less than \$10; sixth class, for summer hotels, to be drunk on the premises, proportioned at the discretion of the licensing board to the fees of the first class according to time; seventh class, malt liquors, cider and wines, not to be drunk on the premises, \$150 to \$500. These license fees, it should be said, were at first paid to the town treasurer, who remitted one-half to the commonwealth treasurer, but the fourth-class licenses, for wholesalers, had a status of their own in that the towns and cities had nothing to do with them and the fees for them went to the commonwealth treasury. In 1908 the commonwealth took the entire receipts from liquor license fees.

Licenses for peddling have had a more continuous history than those for liquor selling. In fact, there has been no break in the policy since it was begun in 1806, except that for the first forty years the fees remained in the commonwealth treasury,¹ while since then they have been distributed to the counties. In 1910 the provision regarding fees was given this effect: Peddlers traveling with beasts of burden or with vehicles and those using railroads for transporting their wares are assessed at \$30 each. Municipalities have been given the power to issue local licenses and to charge fees, which, however, must not be so large as to have a revenue-raising purpose.²

¹ *Laws*, 1806, ch. cxi, p. 179.

² One of these local license fees is that of 25 cents for each evergreen tree cut for sale. One-half the receipts from this source must go to the commonwealth. *Laws*, 1910, ch. clxx, p. 190.

While it was not until 1894 that annual license taxes were levied on corporations, previously license fees had been charged against persons and corporations doing particular lines of business other than those already mentioned. Thus after 1869 each foreign insurance company was compelled to pay an annual fee of \$5 to the insurance commissioner. This fee is still imposed. Dealers in commercial fertilizers are compelled to pay to the directors of the agricultural experiment station an annual fee of \$100. Other business license fees giving some revenue to the commonwealth are those required of auctioneers and circuses. Automobile owners and non-resident hunters (since 1904) also contribute considerable sums to the commonwealth treasury.

8. *The Inheritance Tax.* A collateral inheritance tax was introduced into the revenue system by an act of 1896. By the terms of this act all property under the jurisdiction of Vermont which should pass by will, or by the intestate laws of the commonwealth, or by deed, grant, sale or gift, to take effect after the death of the grantor, to any person in trust or otherwise, was subject to a tax of five per cent. The persons or organizations exempt from the operation of this tax were father, mother, husband, wife, lineal descendant, adopted child, lineal descendant of an adopted child, wife or widow of a son, husband of the daughter of a decedent, and charitable, educational and religious societies, the property of which was exempt from grand list taxation, but no tax was exacted from an estate unless the value after the payments of debts and the expense of administration exceeded \$2,000. The law was revised in 1904, so that a tax of five per cent was levied upon all legacies and distributive shares passing to collateral heirs and non-relatives, regardless of the size of the estate. It was still further amended in 1908 and 1910, so that at present the tax ap-

plies to every person other than father, mother, husband, wife, lineal descendant, wife or widow of a son, husband of a daughter, a step child, child adopted as such during his minority in conformity with the laws of Vermont, child of a step child or of such adopted child, bishop in his ecclesiastical capacity for religious uses within Vermont, and city or town for cemetery purposes, and to charitable, educational or religious societies not existing under the laws of Vermont.¹

It is pointed out by the commissioner of taxes that very few estates of wealthy decedents domiciled in Vermont are subject to the tax as it stands.² It is husband, wife, children and grandchildren, rather than brothers, sisters, nephews, nieces and cousins, who more commonly receive the property of decedents. The law, therefore, if it is to be of increasing importance as a revenue producer, needs further amendment. Attempts to extend the tax to inheritances and legacies going to direct descendants thus far have not succeeded. The House of Representatives passed by a unanimous vote in 1908 a bill for a direct inheritance tax, but the Senate did not concur. The law for a collateral inheritance tax met for a time the same discouraging attitude in the upper legislative branch, and it is a safe prediction that the popular demand for the inclusion of direct inheritances will in time overcome the objections of the Senate.

9. *The General Property Tax.* During this as well as the preceding period the tax on general property and polls has undergone little change in principle, although the former element of the grand list has been freely discussed and an important revision of the law occurred in 1880 and 1882.

¹ *Laws*, 1910, ch. lv, p. 57.

² *Report of Commissioner of Taxes*, 1909-10, p. 13.

Polls, as was said in Chapter IV, make up about ten per cent of the grand list, and this tax, which means a levy on each male which is equivalent to a tax on \$200 of property, seems to be firmly rooted in the system. The dissatisfaction with the general property tax had been concisely stated in a report by a member of the Council of Censors as early as 1869,¹ and during the succeeding decade the messages of governors contained numerous evidences of it. The particular complaint was of lax administration and of the allowance of offsets for debts owed. As respects real estate the arraignment was to the effect that valuations were too low and varied greatly from town to town. Some places had appraisals at two-thirds of the true value, while in others appraisals were still lower. Every town wished to secure as low a valuation as possible, in order to lighten its county and commonwealth taxes. The county and commonwealth equalizations were of much service in securing some approach to justice among the communities, but the struggles of members of these boards to help their constituencies were far from edifying. Occasionally a deadlock in the county board had to be referred to the House delegation from that county and again there was great difficulty in reaching a compromise. There seemed no hope, however, for any real relief in respect to realty so long as the commonwealth revenue came from grand list taxes.

With personalty the case was different. Here the injustice was between taxpayer and taxpayer, rather than between community and community. Deductions for debts owed were the main reliance in keeping down a man's personalty assessment. Personalty seldom was assessed at more than two-thirds of its true value, the chief instance of full valuation being the shares of stocks in corporations

¹ *Journal of the Council of Censors*, 1869, pp. 34-6.

which were reported from the corporation offices to the towns. Such reports, as has been seen, became compulsory in 1841. But debts owed were never reckoned at less than their full amount, and fictitious debts were not unknown. Hence the total of personalty in the grand list fell off—from \$21,555,428 in 1870 to \$15,037,262 in 1880. It was without doubt a true view of the situation in reference to personal property that more definiteness and greater strictness in allowing deductions would increase the total assessment. But the chief feature of the law of 1880 which gave it a degree of success was the demand that an inventory be returned to the listers by each taxpayer and that it be accompanied with an oath as to its correctness. The idea was to correct lax administration through the conscience of the citizens. On the other hand, the listers were influenced by a specific penalty for not doing their duty.

The reform in the general property tax was accomplished, as I have said, at two sessions of the legislature, in 1880 and 1882,¹ and since the latter date few important changes in the law have been made. Taking the two sessions together the results in respect to administration were considerable. The first session, however, took no significant action regarding real estate in general, as indeed it could not very well at that time. The appraisals of roadbeds of the railroads by a commonwealth commission was tried. It pointed to a corporation railroad tax, but had no direct relation with the appraisal of other forms of realty. The main purpose of the law of 1880 was to get at personalty. This, as has been intimated, was done through the requirement of an oath with each inventory and through more precise statements concerning deductions for debts owed. The inventory called for the amount of national

¹ *Laws*, 1880, ch. lxxviii, p. 76, and 1882, ch. ii, p. 11.

government and other exempted securities, and this amount, as previously, was deducted from the total of debts owed. A detailed statement of these debts was required, and no deduction could be made unless the name and place of residence of each creditor and the amount due him were given. There was no real demand at this time for a total discontinuance of deductions. The oath had particular reference to debts. Thus, it asserted that the taxpayer had set down only such debts as he was unconditionally bound to pay and that he had conveyed no property and created no debt for the purpose of evading the law. The oath to the inventory was an important factor in strengthening the law, but the listers had in reserve after 1882 as ample power as a reasonable person could desire. They were required to appraise visible property at "its true value in money," and a specific penalty for neglecting their prescribed duties was provided. If a person omitted to deliver an inventory to the listers, or to swear to it, or if the listers had reason to believe the inventory not to be a full and correct statement, they found what property they could, appraised it, and doubled the amount. Moreover, they could make the assessment what they thought reasonable. This action of the listers was final if the board of civil authority on an appeal regarded the violations of the law as wilful. As in the other listing laws after 1841, one per cent of the total valuation became the amount entered in the grand list against the taxpayer.

An important innovation in the general property tax system in 1882 came through the corporation tax law of that period. This was the abandonment of all equalization. The corporation tax law made it possible to drop equalization by raising a considerable revenue for commonwealth uses, thus eliminating to a large extent the cause of competition among towns for as small grand lists as possible.

Here was a distinct improvement in the general property tax.

As has been said, the consolidation of the grand list laws which was made by the legislature of 1882 has undergone no material changes since that year. It is necessary to mention only one or two amendments. Thus, in 1910, two-folding by listers was discontinued. But the power of those officials to make assessments according to their best judgment continued. A significant amendment in 1906 was the raising of the amount of deposits in savings banks which were free from grand list taxation from \$1,500 to \$2,000. This was followed in 1910 by an exemption of all such deposits.

The exemptions from general property taxation (in some instances on account of corporation taxes) have been liberal. These include at the present time, for real estate, the following:

Real estate owned by Vermont or the United States.

Land and buildings owned by a Grand Army post and used only for the purposes of the post.

Land and buildings owned or used for public, pious or charitable purposes.

Lands leased by towns for educational purposes and lands leased or owned by colleges, academies, or other public schools, or leased for the support of the gospel.

Lands and lots used for cemetery purposes.

Real estate used for hotel purposes, by vote of a town, not to exceed five years.

Manufacturing establishments (except for the manufacture of pulp, rough sawed lumber and charcoal), quarries, mines, and fixtures necessary in such business, by vote of a town, not to exceed ten years from beginning of business.

Real estate used in operating a railroad, or acquired, constructed or used for railroad business or purposes.

Real estate owned by steamboat, car and transportation

companies, or used in carrying on express, telegraph or telephone business in Vermont.

Waste land planted with timber under the provisions of the law for encouraging the growth of forests, for ten years.

Real estate used by circulating libraries open to the public.

Real estate held and used by college fraternities and fraternal organizations.

Real estate owned by agricultural societies and used for fairs.

Real estate occupied as a homestead by honorably discharged soldiers, to the extent of \$500.

Improvements on the real estate of fraternal and charitable organizations, when valued at \$2,000 or more, by vote of a town, for ten years.

The principal exemptions of personal property are these :

Securities exempt by laws of the United States, but not the interest or income from them.

Personal estate used for hotel purposes, by vote of a town, not to exceed five years.

Shares of stock in a corporation situated in another commonwealth and taxed therein.

Personal estate owned by inhabitants in Vermont and situated and taxed in another commonwealth.

Stock in railroad corporations in Vermont.

Personal estate owned or used for public, pious or charitable purposes, including college fraternities.

Household furniture not to exceed \$500 in value; wearing apparel; one watch and one organ or piano; private and professional libraries; mechanics' and farmers' tools, including carts, wagons, and vehicles necessary to carry on their respective occupations; provisions necessary for a family for one year.

Live fowls not to exceed \$20 in value; livestock not more than four months old; hay and produce necessary to winter out stock.

Money, stocks, bonds, mortgages and other evidences of indebtedness belonging to insurance, surety or guaranty companies.

One wagon; one sleigh and harnesses for using them, but pleasure vehicles must not exceed \$100 in value.

Capital and personal property used in manufacturing establishments when these are exempted from taxation.

Interest-bearing deposits in banks and trust companies.

Personal estate used in operating a railroad or acquired, constructed or used for railroad purposes.

Personal estate owned by steamboat, car and transportation companies, or used in carrying on express, telegraph or telephone business in the commonwealth.

Stock in telephone, telegraph, insurance, surety, guaranty, steamboat, car and transportation companies.

Personal estate to the amount of all debts owing by the taxpayer; but the amount of U. S. government bonds, deposits in a savings bank or trust company, interest-bearing deposits in national banks, and all other stock and bonds exempt from taxation belonging to the taxpayer, shall first be deducted.

Personal property of agricultural societies used for fairs.

Money loaned to municipal bodies in Vermont at a rate of interest not exceeding four per cent.

It has already been mentioned that the polls of the militia and firemen are exempt when so voted by the municipalities. The polls of poor persons and of honorably-discharged soldiers also are exempt.

The matter of exemptions has had a prominent place in the minds of Vermont tax reformers in recent years. Some citizens would have no exemption from property taxes at all; this would seem to be the position of ex-Governor Charles J. Bell, who in his message when retiring from the governorship in the fall of 1906 said: "Taxation is a simple matter when all property, both real and personal, without exemption of any class or kind, is made to pay its just proportion. The moment we begin to legislate in favor of one class, some other class is sure to suffer, and trouble begins." He had said in his message at inauguration: "I

am in favor of a law whereby no property, real or personal, shall be exempt from its proper levy for the support of the public treasury."

Few are so radical on this subject as was ex-Governor Bell, but there is a strong sentiment in favor of not permitting exemptions of personal property on account of debts owing. The total exemptions in the commonwealth on this account in the years 1900, 1901, 1902 were found by the commissioner of taxes to average about \$27,000,000, which was 15 per cent of the grand list property and polls, 23 per cent of the real estate and from 60 per cent to 65 per cent of the amount of personal property set in the grand list.¹ In 1910 the offsets amounted to \$32,734,945.20, or 72 per cent of personal property in the list. In numerous towns the amount of personal property in the grand list is less than the amount exempt from taxation on account of debts owing. A common form of tax-dodging through offsets is the purchase of goods outside Vermont before April 1st. These goods are allowed to remain beyond the boundary line and hence are not taxable. Not having paid for them at the time, the merchant is able to deduct the debt from any personal property he may have. This is but one of several well-understood devices for avoiding the tax on personalty through offsets. It would seem clear that the system of offsets had been a prolific source of evasion.

The definite demands of the tax reformers have been two—the abolition of offsets and a small tax on intangibles. The two proposals fell together at the legislative session of 1908, and again in 1910 they did not succeed in becoming laws. While the two thus have been linked together, the low rate on intangibles has received increasing recognition as the more vital suggestion for progress in tax legislation.

¹ *Special Report of Commissioner of Taxes, 1902, p. 45.*

Important changes in the administration of the general property tax have been noted—that is, in 1880 taxpayers were required to make oath to their inventories and listers were subjected to a specific penalty for neglecting their duty, and in 1882 the listers were given greater authority in determining the personal property of a citizen. For a time these changes had the effect of increasing the amount of personal property in the list, but during the past twenty-five years there has been a falling-off, accompanied by a constant increase in the total of real estate. The administration of the general property tax was severely criticised before the revision of 1880 and 1882; it has been severely criticised in recent years. The commission on taxation which reported in 1908 conducted an investigation which showed that in very few, if any, towns is the real estate or personal property set in the list at its true value in money. Although real estate as a whole is valued at about 70 per cent of its true value, in some towns it is appraised at less than half its value. Injustice between towns and between individuals results. When equalization was abandoned in 1882 it was supposed that the corporation tax would make the valuation of real estate a minor matter, since only a relatively small part of the commonwealth revenue would come from grand list taxes. But just when grand list taxes for general commonwealth revenue were abandoned, school and highway taxes began, and unequal and low valuations of real estate are to-day working much injustice between communities. Under-valuations alone are depriving the towns and cities of about \$75,000 yearly on the school and highway taxes.¹

Other weaknesses in the administration of the general property tax have been made plain. Of the 113,856 inven-

¹ *Report of Commission on Taxation, 1908, p. 20.*

tories examined in 1907 by the agents of the commission of 1908 only 3,632 were found to be legal. The statute provides that if a lister accepts an inventory not made out and sworn to as provided by law he shall forfeit the sum of \$200. This means that in 1907 the listers of Vermont incurred a personal liability of \$20,000,000. The particulars in which these listers were negligent are numerous. Thus, thousands of inventories were found which had not been sworn to, and many had not even been signed. Occasionally inventories were made up and signed by the listers themselves. In no county did the amount of taxable property returned by the town clerk to the secretary of state correspond with the amount of taxable property shown by the inventories. In another respect the law has not worked well. The officers of Vermont corporations are required to send to the clerks of towns and cities in which shareholders reside, or in which the corporations have their principal place of business, the names of stockholders and the amount of their holdings. This is to enable listers to learn the stock holdings of the taxpayers of their towns. With the exception of banks, corporations pay very little heed to this provision of the statutes. One of the results of this negligence is that the law allowing deductions from the value of stock in corporations on account of real and personal estate taxed elsewhere cannot be effectively executed. The commission concludes its review of conditions in 1907 by saying: "The foregoing instances are only a few of the many that have been found by us, all of which tend strongly to show that the administrative provisions of our present tax law are largely ignored and evaded by both listers and the taxpayers."

A better status of general property administration, however, probably will result from legislation in 1910, by which the powers of the commissioner of state taxes were en-

larged, the title of that officer being at the same time changed to "commissioner of taxes." The commissioner now holds annual meetings with the local listers for the purpose of instruction. He may examine any inventory in the hands of listers, and the listers are required to make such returns to him as he may call for. He is now the nominal and real head of the taxing system and as such prepares the list for commonwealth and county taxes.

10. *Funds.* The first fund established for the commonwealth had the betterment of the common schools for its object. It was a far-sighted enterprise, destined to come to naught because its wisdom came to be questioned by later legislatures. In the meantime, the United States deposit fund had made its appearance in 1837. This fund in Vermont amounts to \$669,086.84. It was devoted at once to the use of the common schools, and its size gave assurance of real benefit to such schools, if there had been combined with it the school fund of 1825. It would seem that the people regarded the United States deposit fund as quite enough to be used for school purposes. The plan of distribution adopted by the law of 1836, by which the money was received, was to apportion to the towns according to population and to make a reapportionment immediately after each national census. The towns must appoint trustees, who were permitted to loan the money at six per cent on mortgages for one year at a time. That portion of the fund which was not apportioned, by reason of the failure to appoint trustees on the part of organized towns, and because unorganized towns and gores were unable to appoint these officers, was held by the commonwealth treasurer, and interest was allowed such towns and gores. Loaning to the town itself was permitted as early as 1842. The towns were to use their income from this source for the support of schools. But the towns in general in the course

of time had used up the principal entrusted to them and as a rule they each year devoted to school purposes an amount which would equal the interest.¹ In borrowing to a large extent from the fund they appear to have imitated the example of the commonwealth in borrowing from the earlier fund. Each town, however, was legally bound to return its share to the commonwealth treasury on call. The call, as will be seen, came in 1906 as a consequence of the report of the commission on the permanent common school fund.

The agricultural college fund came from the congressional act of 1862 by which scrip for 30,000 acres of land for each senator and representative was given to each commonwealth for a college of agriculture and mechanic arts. Vermont through this act received scrip for 150,000 acres. It was sold for \$122,626.40, and invested principally in bonds of the commonwealth. Pending a decision as to the beneficiary of the income, that income went to the enlargement of the fund, which by 1866 had become \$135,500. Vermont bonds to this amount have been continued in existence to 1932 in order that the investment may remain in this form.

Another fund devoted to educational interests is called the Huntington fund. It was derived from the will of a native of Vermont, Araunah Huntington, who had become a resident of Canada. The securities received which had a market value were sold under an act of 1884 and realized \$211,131.46. By the act mentioned this sum was turned into the treasury of the commonwealth for general use, subject to an annual interest charge of six per cent. The principal thus was spent, but the amount of the income, \$12,667.88, was distributed to the towns in propor-

¹ *Report of Special Commission on Permanent Common School Fund*, p. 20.

tion to population and was used for school purposes. This fund was incorporated into the permanent common school fund.

The genesis of the permanent common school fund was the receipt in 1903-4 of two payments from the national government for Vermont expenditure on account of interest on debts springing from the Civil War. Those payments amounted to \$280,453.56, and of this amount the agents who secured it received \$40,000, leaving \$240,453.56 to the commonwealth. The legislature concluded to devote this sum to a fund for the common schools, and at the same time authorized a commission which should formulate a general policy relating to such a fund. The commission reported two years later, advocating the creation of a fund that eventually would amount to \$2,000,000. This aim was accepted by the legislature, and the United States deposit and the Huntington funds were added to the \$240,453.56 derived from the war claims, making a total for the fund of \$1,120,218.20. Trustees were appointed by the governor and investments of the available principal have been made. A few securities of no market value were received through the bequest of Araunah Huntington. These were retained by the treasury, but by the law of 1906 were passed to the hands of the trustees of the permanent common school fund. Whenever a surplus over liabilities appears in the treasury at the end of a fiscal year, the trustees are, by the provisions of this act, to receive a portion of it for the fund; but the trustees, it is understood, purpose to ask the General Assembly for a specific appropriation of that amount. This process is to be continued until the Huntington fund has been transferred entirely to the trustees. It should be said that thus far no part of the principal of the Huntington fund has been thus transferred. Mean-

while, the commonwealth pays to the permanent school fund interest at six per cent on the Huntington fund. Provision was also made for the assumption of control of the principal of the United States deposit money which has been in the hands of town trustees and the treasurer of the commonwealth. While any of this money remains with the towns, interest at five per cent is to be paid. In short, the legislature of 1906 sought to re-establish a school fund and to put it wholly in the hands of trustees. The income from the fund is divided among the towns and cities on the plan followed in the distribution of the commonwealth school tax; specifically, \$15,000 is reserved from the income and is distributed according to a rule which is intended to stimulate local appropriations for the schools, while the remainder is divided among the towns and cities according to the number of legal schools kept during the preceding year. The whole purpose of this fund is to equalize and enlarge educational facilities.¹

It will be observed that all the funds thus far mentioned have had to do with education in one form or another. These are indeed the important funds in the history of the commonwealth, but some others may be noted. The bank safety fund, for securing depositors, to which reference was made in Chapter IV, was established by an act of 1831. It provided that each bank chartered thereafter should pay to the treasury four and one-half per cent of its capital in six annual instalments. This fund, if reduced by reason of the failure of a bank, was to be replenished up to the original amount. The banking act remained unchanged during the next decade, but in 1840 a general act was passed. This banking law made provision, among other things, for a substitute for the safety

¹ *Laws*, 1906, ch. liv, p. 57.

payment; it directed that any bank might execute a bond to the treasurer of the commonwealth equal in amount to the capital stock paid in; if it should do this, it would be exempt from all contributions to the safety fund. The fund was invested by the treasurer and the income paid to the contributing banks. The amount of the fund never was large. Thus, in 1835, it was \$4,111.34. By 1839 it had risen to \$19,232.73, of which \$16,613.31 was loaned to the commonwealth treasury. At the close of the fiscal year 1843 the total of the fund was \$29,542.57, of which \$22,623.14 was loaned to the commonwealth.¹ Ten years later, in 1853, the fund was \$18,228.69, and the whole of this was loaned to the commonwealth. In 1861 the amount in the fund was \$13,125, while in 1865 it was \$12,375. The fund disappeared in the year 1867, the receivers of the Danby Bank being given all that remained of it. In this year only two of the banks of the old régime remained in business, many having taken charters from the national government. The safety fund undoubtedly contributed much to the solvency of the Vermont banks, which had a comparatively small number of failures.

The deposits of securities with the commonwealth treasurer which the insurance law requires to satisfy the demands of other commonwealths, and those which Vermont law requires of foreign building and loan associations are hardly to be accounted funds in the sense in which the term is here used. These and the Bennington battle monument fund, which is but \$1,065 and is on deposit in banks, need no further reference. The true history of Vermont funds has to do mainly with the efforts toward promoting education, particularly through the common schools.

II. *School Finances.* As during the period before the

¹ *Auditor's Report*, 1843, p. 57.

Civil War, the schools during the succeeding period to 1878 remained in the hands of the towns, or rather of the districts. The important event of this period was the law of 1864 by which part of the support of schools could no longer be derived from a so-called tax on pupils. The period since 1878 has seen a great awakening in Vermont in educational interest. The district system was abolished in 1892, and it was at about that time (1890) that the commonwealth began the policy of assisting the poorer towns in respect to schools. Such assistance, not only for schools but for highways, had become highly desirable, not to say imperative, if many purely rural towns were to hold their own in these two particulars. The decline in population of these towns was accompanied with a greater or less decline in ability to meet public charges. A commonwealth tax accordingly was levied on the grand list, and the proceeds distributed to the towns and cities, for the most part in proportion to the number of schools kept in each town or city, but the sum of \$45,000 going to municipalities raising fifty cents or more on the grand list for school purposes. In 1906 a law was passed by which towns were encouraged to unite for supervision. When such districts employ a superintendent at a salary of not less than \$1,250 they receive from the commonwealth \$1,000 and half the excess over \$1,200. In the same year help was extended to towns furnishing board and transportation to elementary pupils, and in the same year also advanced instruction was furnished free to all qualified pupils. Thus the commonwealth expense for education has grown greatly in recent years. The figures given in Table B of the Appendix, it should be said, are exclusive of offset items like the commonwealth school tax, the income of the permanent school fund and the endowment of the agricultural college by the federal government, but they include

commonwealth appropriations for the colleges.¹ To get the total expenditure of Vermont for public schools, the expenditure of the cities and towns for this purpose will best serve as a basis. This expenditure for 1910 was \$1,693,250.87.² The commonwealth in addition spent directly on account of the superintendent, normal schools, etc., \$41,198.34, which with the local expenditure makes a total of \$1,734,449.21 having directly to do with the support of public schools. The total expenditure in 1910 for education in every form is estimated at \$1,789,051.93.

The resources of the cities and towns for school purposes this year (1910) were as follows:

Grand list taxes	\$1,192,396.68
Eight-cent state tax	116,871.97
Permanent school fund	34,238.65
The \$45,000 reserve fund	44,535.60
The \$15,000 reserve fund ³	14,879.92
Account of transportation	20,110.98
Account of advanced instruction	20,395.76
Account of union supervision	30,229.07
Tuitions	43,225.98
School funds and lands	28,961.04

Among the school resources reported for 1910 as well as other years is the income from school funds and lands. The receipts from these funds and lands are not given separately, but the funds themselves had a value in that year of \$173,681.21, while the school lands were valued at

¹ "Offset" items refer to those which appear on both sides of the treasurer's report. See "Receipts and Expenditures" of Appendix.

² *Report of Superintendent of Education, 1909-10*, p. 192.

³ These "reserve funds," so-called, of \$45,000 and \$15,000, are distributed to the cities and towns on conditions intended to stimulate the localities to efforts in behalf of the schools; that is, the \$45,000, as has been mentioned, is a part of the commonwealth school tax and goes to cities and towns having a local school tax of at least fifty cents on a dollar of the grand list, while the \$15,000 is a part of the income of the permanent school fund and is distributed on the same principle as is the \$45,000.

\$546,731.99. The funds were in the main gifts made at one time or another to the towns, the lands in the main were the shares set apart in the charters for common school purposes, to which were added the lands devoted by the grantor to the glebes of the parishes of the Church of England. It will be remembered that, by the charters granted by the independent state of Vermont, a right also was given in each town for the support of a county grammar school, and another for the state university. Hence, in those towns three educational objects each had a right devoted to it. On the other hand, in the towns chartered by the governor of New Hampshire, one educational object—the common schools—had two rights devoted to it—one by intention and the other by the invalidation of the claims of the Church of England.

12. *Highway Finances.* The activity of the commonwealth in respect to highways has been contemporaneous with the interest in the schools. In 1884 a certain amount of help was extended to those towns in which were highways and bridges that were of more benefit to other towns than to themselves.¹ But a broader policy appeared to be desirable, and in 1892 a tax of five mills on the dollar of the grand list was imposed and distributed to the towns and cities on the basis of miles of road. At the same time labor payments of taxes were abolished.² In 1904 fees received for automobile licenses were added to this highway fund. The mere distribution of money, however, did not greatly improve highways. Accordingly in 1898 a highway commission was appointed with the purpose of controlling in some measure the expenditure of the distributed money.³ A town by the act of that year could re-

¹ *Laws*, 1884, ch. xi, p. 11.

² *Laws*, 1892, ch. lvi, p. 54.

³ *Laws*, 1898, ch. lxxv, p. 49.

ceive its full apportionment only by expending on its own account at least that amount of money. This legislation greatly improved conditions, but in 1906 a still further advance was made: a yearly appropriation of \$50,000 was authorized. The appropriation is distributed on the following plan: When a town votes more money for highways than is required by law (twenty cents on a dollar of the grand list) the same amount is to be given to that town, if the local appropriation does not exceed a certain amount. In 1910 this commonwealth appropriation was increased to \$150,000 and the maximum amount which a town may receive was fixed at \$750. The money received from automobile fees forms what is called the "maintenance fund" and it is distributed in much the same way as the \$150,000 appropriation. The total amount of money expended through the commonwealth treasury for highways in 1912 was \$359,385.02, and of this \$74,645.67 belonged to this fund. The commonwealth expenditure for highways is, of course, supplementary to the total of minor civil divisions. It is apparent that Vermont is now doing a great deal for the betterment of highways, and that the burden of the poorer communities has to a large extent been made a burden common to all.

13. *Revenue and Expenditure.* The assumption by the commonwealth of a considerable portion of the expense for highways and schools explains in part the great increase in total expenditure during this period—an increase from \$440,954.35 in 1880 to \$1,827,661.77 in 1910. Expenditure in other directions also has been growing. This is particularly true of the administration of justice, of military affairs and of public health. The expense of the last-named object has come largely from the cost of disposing of diseased cattle. New offices have been created, such as the tax, highway and public service commissions, and a

hospital for the insane has been built, the commonwealth taking direct charge of the insane in greater part and relieving the towns of any expense for the insane poor. Charges of extravagance in the management of penal institutions and the hospital for the insane, a few years ago, were not well founded. In the main the increase in commonwealth expenditure is due to the enlargement and improvement of commonwealth functions; that is, it is a legitimate growth. Gross expenditure also has increased by reason of the requirement that all moneys received by agents of the commonwealth shall go to the treasurer. In other words, the treasury does not now deal in "balances." This policy has been followed strictly since 1902.¹

The expense of the war with Spain is estimated as follows:

EXPENDITURES.	
1898.....	\$25,012.82
1899.....	45,310.90
1900.....	1,230.42
1901.....	993.20
1902.....	195.26
	<hr/>
	\$72,742.60

REIMBURSEMENT FROM U. S. GOVERNMENT.	
1899.....	\$7,299.05
1900.....	4,608.46
1901.....	2,248.85
1902.....	5,814.70
1906.....	1,262.60
	<hr/>
	\$21,233.66

By this estimate the net cost of the war to Vermont was \$51,508.94, due in greatest part to extra pay voted by the commonwealth.

¹ *Laws*, 1902, ch. clvi, p. 174.

The new sources of revenue have already been indicated. The grand list taxes are now confined to the two objects of schools and highways, and their proceeds are expended through the cities and towns. Corporation and collateral inheritance taxes and liquor license fees are the other large items, aside from receipts of courts and public institutions. Savings banks, railroads, trust and insurance companies are the large producers among corporations, in the order named. The corporation tax is largely one on gross receipts, so far as corporations engaged in inter-commonwealth commerce are concerned. Nominally, however, the tax is one on property and franchises wherever this is feasible.

14. *Budget Making.* Brief reference already has been made to budgetary practice up to the time of the Civil War. While the governor's council existed (until 1836) this practice consisted for the most part of an estimation by the committee on ways and means of the General Assembly of the probable needs of the commonwealth and the reporting by this committee of a bill for a tax on the grand list at a particular rate. The same committee usually reported an appropriation bill "for the support of government and other purposes." These bills were sent to the council for concurrence. It should be said that the council, by reason of the ability of its membership, for many years had a considerable part in all legislative matters. The legal position of the General Assembly in reference to revenue, however, is indicated by an amendment to the constitution made in 1786, when this language was introduced: "The representatives so chosen (a majority of whom shall constitute a quorum for transacting any other business than raising a state tax, for which two-thirds of the members elected shall be present) shall meet on the second Thursday of the succeeding October," etc. The same idea obtained after 1836,

for the constitution was then made to read as follows: "That all revenue bills shall originate in the House of Representatives; but the Senate may propose or concur with amendments, as on other bills." With the coming of the Senate came the finance committee of that body, but the House committee on ways and means continued to hold the more important position in reference to revenue measures. Each committee represented its house in all financial business; there was no committee on appropriations in either branch. Bills of all kinds were sent to the governor, but any vetoed bill became law by being passed again by a majority vote in each house.

Budget-making continued on much the same line until 1906, when the House added to its standing committees one on appropriations. Two years later the Senate took a similar course. However unwise this division of committee work into two distinct functions may have been from a scientific viewpoint, it was in accord with the tendency in American commonwealths.¹

The committee procedure at the present time may be briefly described as follows: The committee on ways and means acts for the House of Representatives and the finance committee for the Senate, in respect to revenue measures. Each gets its information from various official sources. The governor in his inaugural address at the beginning of each session usually gives a summarized view of the treasury's resources and probable needs, but more detailed information is supplied by the auditor, the treasurer and the commissioner of taxes, both through their reports and at committee meetings. The House committee on ways and means in particular makes use of the knowledge of these officials, and this committee usually reports to the

¹ Agger, *The Budget in American Commonwealths*, p. 62.

House from time to time on the treasury situation. These committee reports may either be on the initiative of the committee itself or on the request of the House. The finances as a whole are made clearer to the popular legislative branch by reason of the fact that the committee on ways and means and the House committee on appropriations hold joint meetings to which the financial officers present reports of receipts and expenditures under existing laws.

When revenue bills finally are passed by the House and sent to the Senate they are of course referred to the finance committee of the upper branch and later come before the latter body in the form of reports. Any change by the Senate in a revenue bill is styled an amendment of the original House bill. This change may be a complete repudiation of the purpose of the House bill, yet it still technically is an amendment of the latter. The two branches may have to resort to a conference committee when their views differ vitally.

Appropriation bills take a somewhat different course from that of revenue measures, in that they may be introduced in either branch. Nominally the committee on appropriations of each body is of the same importance as that of the other, but the committee of the House of Representatives, by holding bills originating in either branch until close to the end of the session, exercises a special control over these measures. The policy of holding all appropriation bills until the last days of the session is unavoidable in view of the willingness of both branches to allow new bills to be introduced at practically any time. It is true each house fixes a date after which no bill, except committee bills, may be introduced except by unanimous consent, and that later in the session another date is chosen beyond which even committee bills, aside from the bill for the support of government, may be introduced; but the facts are that

unanimous consent is always forthcoming and that numerous bills are introduced through committees up to a short time before the day of adjournment. Here we have the special weakness of the process of budget-making. If a limit of time before which appropriation bills must be introduced were adhered to strictly, more care and deliberation could be employed in disposing of such bills, both in committee and in House and Senate; and if the committees on appropriations could find a way of determining earlier in the session about what the total of appropriations should be, the work of the committee on ways and means would be facilitated. The need of more time is the greater on account of the fact that two committees in the House and two in the Senate have to do with finance measures. If one committee from each body considered both revenue and appropriation bills, less difficulty probably would appear. The practice of the House committee on ways and means and the House committee on appropriations meeting in joint session gives an opportunity for harmonizing revenue and expenditure, however, if sufficient time were allowed for considering both in all their relations.

The expenditure side of the budget is not likely ever to receive undue attention, and the more both details and principles are scrutinized the sounder must be results. More time for the consideration of appropriation bills would make for improvement in details, but the principles on which expenditure is made are not seriously defective. Thus there is a division of expenditure between standing or continuing appropriations and those for one fiscal year. The large appropriations for highways and education are of the former class. The justification of standing appropriations is that they contribute to a permanency of policy in reference to important public functions. The principle of standing appropriations may be abused, but it is not being abused in Vermont.

15. *Administration.* If administration in respect to the making of the grand list has lost in care and thoroughness, the collection of commonwealth taxes on the grand list has gained. Before 1880 collection was direct, through the local collectors. The result of this system was that the towns always were in arrears. In 1880, however, an alternative plan was permitted, by which the town or city treasurer did the collecting. As it is now, the commonwealth treasurer deals with the local treasurer. It may be noted here moreover that all grand list taxes are collected now largely through the last-named official rather than through collectors and that the collectors are employed more in a supplementary capacity.

The extension of commonwealth control over school and highway matters has been referred to. Along with this tendency has been another directed toward more perfect accounting and auditing. This began about 1902, with the incoming of the present auditor. One of its phases is a very complete accounting and classification of the items of expenditure of all sorts. At the present time all money due the commonwealth goes into the treasury, and not a dollar can pass from the treasurer's hands except on the order of the auditor of accounts. The two offices exchange information daily; the auditor knows the condition of the treasury at the end of each day. Commonwealth institutions are required to use a uniform system of accounting to the auditor's office and to make monthly statements, which are checked with the vouchers each month. No institution may draw in any month more than one-twelfth of its annual appropriation unless the governor, treasurer, and auditor authorize a departure from the rule. The institutions now have a uniform system of bookkeeping, and the auditor's office is on a double-entry basis. It is probable that

the machinery of auditing and accounting now leaves little to be desired.

16. *Compensation of Officials.* The fee system of compensating commonwealth officials has been used extensively in Vermont,¹ but during the latest period the drift has been strongly away from it. This tendency indeed began much earlier. Thus in 1859 the state's attorneys were put on a salary basis, as were the judges of probate. New executive and legislative offices usually had salaries attached to them, but those which required intermittent services were paid by the day and expenses. County clerks did not go on a salary basis until 1902, in which year a schedule was adopted by which the clerks in the greater number of the counties were to receive an average of about \$1,500, varying with the business of the county. Sheriffs were made salaried officials in 1908, and their salaries average about \$1,000. The salaries of state's attorneys now average about \$800. The county clerks and judges of probate, however, also continue to receive, in addition to their salaries, certain fees, and the state's attorneys had the same source of compensation before 1907. Such officials as the secretary of state, treasurer, public service commissioners, and commissioner of taxes are entitled to fees to a limited amount in addition to their salaries. But fees are an exception to the rule. Generally speaking, services rendered to the commonwealth now receive compensation in the form of a salary or a per-diem payment. The following are the present salaries of the more important commonwealth officials:

¹ See tables of fees in Slade's *State Papers*, pp. 316, 399, 462, 477. These lists were revised by law at intervals.

Governor	\$2,500
Secretary of state and insurance commissioner	2,700
Treasurer and insurance commissioner	2,700
Auditor	2,500
Commissioner of taxes	3,000
Superintendent of education	2,000
Adjutant-general	1,200
Judges of supreme court	4,000
Attorney-general	3,500

17. *Local Finances.* The activities of the counties and towns have not changed materially since the close of the period before the Civil War, but since 1872 the counties have been authorized to levy taxes not exceeding one per cent of the grand list. Previously county taxes had been voted in each case by the legislature. The expenses of the counties are incurred mainly, as has been said, for the building and maintenance of court houses and jails, and the administrative officers are the assistant judges. Revenue comes principally from taxes on the grand list and from peddlers' licenses. Census figures for 1902 give the receipts of all the counties at \$25,845 from grand list taxes, out of a total of \$32,009, of which \$3,547 was by way of loans.¹ The indebtedness, less sinking fund assets, of these divisions at that time was \$7,244; it was \$5,108 in 1890, and \$23,421 in 1880.² It will be seen that the counties have little fiscal prominence.

The towns, villages and cities are the seats of local community activity, but to some extent incorporated school and fire districts share in it. The most important source of revenue again for all these divisions is grand list taxes. Thus the census report for 1902 gives a total of estimated receipts from revenue for minor divisions other than cities of over 8,000 inhabitants of \$2,033,100, and of this \$1,-

¹ *Wealth, Debt and Taxation*, Thirteenth Census, pp. 994, 1018, 1139.

² *Ibid.*, p. 393.

260,000 came from the grand list, \$85,600 from liquor licenses, \$12,900 from other licenses and permits, \$23,500 from fines and profits, \$150,000 from subventions and grants, \$4,100 from donations and gifts, \$1,000 from other general sources, \$13,000 from interest, \$54,000 from special assessments, \$90,000 from fees and charges of departments, and \$339,000 from industrial income. These same minor divisions in the same year made the following estimated expenditures: General government, \$150,000; courts, \$2,000; military and police, \$5,000; fire department, \$5,000; health conservation, \$10,000; sewers and other sanitation, \$1,000; street lighting, \$5,000; other highway expenditures, \$575,000; charities, \$75,000; care of insane, \$5,000; education, \$860,000; parks and recreation, \$1,000; interest, \$80,000; industries, \$56,000; outlays, \$200,000; all other, \$5,000; total, \$2,035,000.¹ These estimated receipts and expenditures for the minor divisions having a population less than 8,000 should be taken in connection with receipts from revenue and expenditures for 1903 of the cities of Vermont having a population of more than 8,000.² These were as follows:

RECEIPTS OF CITIES OF OVER 8,000 INHABITANTS (1903).

Grand list taxes	\$405,183
Liquor licenses	17,130
Other licenses and permits	4,317
Fines and forfeits	7,846
Subventions and grants	10,784
Donations and gifts	1,375
Other general receipts	343
Interest	4,401
Special assessments	18,333
Fees and charges of departments	30,207
Industrial income	113,326
Total	<hr/> \$613,245

¹ *Wealth, Debt and Taxation*, Thirteenth Census, pp. 1012-14.

² *Ibid.*, pp. 1008-11.

EXPENDITURES OF CITIES OF OVER 8,000 INHABITANTS (1903).

Legislative offices	\$6,484
Chief executive offices	954
Law offices and accounts	2,242
Finance offices and accounts	7,098
Miscellaneous general government	13,039
Courts	10,719
Military and police	21,864
Fire department	36,370
Miscellaneous protection to life and property ..	518
Health conservation	4,142
Sewers and other sanitation	7,306
Street lighting	29,540
Other highway expenditures	51,164
Charities	20,532
Care of insane	2,231
Education	144,503
Parks and recreation	2,807
Interest	69,067
Industries	56,358
Investment expenses	95
Outlays	116,214
All other	4,758
	<hr/>
	\$608,005

The debts, less sinking fund assets, of all the minor civil divisions of Vermont for the year 1902 are reported by the census to be as follows: Cities and villages, \$2,991,872; towns and other minor divisions except school district, \$1,543,360; school districts (except cities and villages having a population of 8,000, which are included in cities and villages), \$311,352; total \$4,846,584. This is a per capita indebtedness of local government bodies of \$14.01. Reports to the commission on taxation of 1908 for cities, towns and incorporated districts took apparently no account of sinking funds and hence are not comparable with the above figures for 1902.

These reports, however, brought out the financial burden under which many of the poorer towns labor. Thus

one town had in 1908 a grand list of \$3,105, a debt of \$32,000, an average tax rate for five years of \$3.24 on each dollar of the grand list, and eighty-six miles of road to support. Twelve towns had an average total tax rate the lowest of which was \$2 and the highest \$3.24. These are extreme cases. On the other hand, the total local tax rate for a town, including school and highway taxes, goes as low as fifty-five cents on the dollar. The problem of the backward rural town has received a good deal of attention in recent years and something has been done in the way of an attempt to solve it. It is, however, more than a fiscal problem.

The assistance accorded by the commonwealth to the cities and towns for schools and highways has been mentioned. This assistance has been a real gain to these municipal bodies, for it has meant not only direct financial help but a stimulation of local zeal and increased local expenditure for the objects named. The fiscal problem of the towns is one of accounting. Town reports in very many cases are lacking in system. Some uniformity in method which will lend itself to comparison is desirable. It is possible that the legislature will at no distant day take up this phase of Vermont finances, which is the one now most in need of attention. If the cities and towns were required to make returns to the commonwealth government of receipts and expenditures on a prescribed classification, essential uniformity of accounting probably would appear in time.¹

¹ The report of the treasurer of the town of Calais for 1912 is here given that the receipts and expenditures of a typical town may be seen. Calais has a population (1910) of 1,042. This report is as follows:

C. R. Dwinell, treasurer, in account with the town of Calais.

DR.

To balance—settlement Feb. 17, 1911	\$105.83
Received of Montpelier Savings Bank	6,000.00

Received on dog license account	115.60
Received on leases and interest	193.80
Received of East Montpelier, tuition and books	24.80
Received of C. F. Leslie account	10.00
Received for cemetery lot—Will White	2.00
Received for hay cut in cemetery—Frank Gray	11.00
Received delinquent taxes	369.43
Received W. G. Eastman, selectman, for cement sold	79.25
Received E. W. Lawson, road commissioner, for tile sold..	1.68
Received administratrix Sarah Sabin's estate	40.50
Received C. R. Dwinell and receiver of taxes	8,869.70
Received of state treasurer—	
services of superintendent of schools	334.75
division of permanent school fund	149.94
state school tax	497.33
division of \$45,000 reserve	213.11
division of \$15,000 reserve	71.04
transportation of pupils	140.59
state road tax	680.23
permanent road work	300.00
special road work	222.78
automobile repair work	392.00

\$18,825.36

CR.

By paid road commissioner's orders	\$1,984.63
paid selectmen's orders (miscellaneous)	2,692.56
paid school directors' orders	4,740.93
paid orders of overseers of poor	1,079.54
paid reporting births and deaths	16.75
paid county tax	45.85
paid state school tax	366.81
paid state highway tax	229.26
paid interest on U. S. deposit fund	107.19
paid cemetery orders	39.33
paid for 48 names passed to collector	2.40
paid state road money to George Daniels	1,280.23
paid hedge hog bounties	6.60
paid Montpelier Savings Bank, orders and interest	5,918.60
balance, cash on hand	315.18

\$18,825.36

18. *Public Lands.* Some reference to the public domain was made under the title School Finances. A few additional facts may be given here. Returns to the secretary of state in 1878¹ make possible the following summary:

	<i>Acres</i>	<i>Appraisal</i>	<i>Rent</i>
All public lands	268,875	\$1,669,446	\$31,832.40
For religious uses	71,975	528,722	10,002.68
For town schools	100,463	827,592	13,565.62
For county grammar schools	24,554	155,330	2,864.44
For University of Vermont	38,496	210,380	4,259.58
For other educational and charitable uses	34,079	58,208	966.94

The figures are given as they were reported to the secretary of state, and they probably give a substantially correct view of the situation in 1878, although the totals do not correspond exactly with the items. No comprehensive statement on the subject of the public domain has been made in recent years. It would seem that the land as a whole must have lost value in thirty years, since the value of that portion of it which is devoted to town schools has fallen from \$827,592 to \$546,731.99 in 1910.² In 1888, however, the land devoted to county grammar schools was reported to be worth \$173,557, which was an increase in ten years; yet the income remains about the same. The income of the land of which the University of Vermont has the usufruct has in thirty years dropped materially—from \$4,259.58 to \$2,600.

¹ *Laws*, 1878, p. 296.

² *Report of Superintendent of Education*, 1909-10, p. 191.

CHAPTER VII

CONCLUSION

To summarize briefly this review of the finances of Vermont it may be said that when the state entered the Union in 1791 it supported itself, both locally and as a commonwealth, mainly by taxes on a grand list, which was made up of polls, a "faculty tax" and general property, the specific elements of which had fixed valuations. This basis of taxation continued until 1841, when general property was listed, according to the law, at one per cent of its true value. The faculty tax continued throughout most of the period ending with the Civil War, but the characteristic of that period was the evolution of the general property feature. A school fund of considerable size was formed, only to be turned into the general treasury a few years after the federal government deposited a part of its surplus with the commonwealth. Aside from its debts to this school fund, which were canceled in the manner mentioned, and those to the safety fund, the commonwealth had only occasional floating debts until just before the Civil War, when it was compelled to borrow to rebuild the capitol. The one business enterprise of the period was the Vermont State Bank, which had a brief and unsuccessful career.

A period of debt-making and debt-paying began with the Civil War and ended in 1878. Vermont faced her war obligations boldly, meeting the greater part of the burden by taxation and paying her debts to a large extent before they were due. This was sound war financiering, and by reason

of it Vermont is credited with being the first of the commonwealths to free herself from Civil War debt. These obligations paid, the commonwealth has remained out of debt ever since, except as she has invested the agricultural college fund in her own bonds and as the Huntington fund has been made a liability to the permanent school fund.

The latest period has seen the introduction and evolution of a thorough-going system of taxation of public-service and financial corporations, supplemented by a collateral inheritance tax; the relegation of the property and poll taxes to local uses, except so far as they have been needed to raise money for school and highway purposes; large contributions from the commonwealth treasury for these two purposes, and concurrently with them an increasing control of local action; the creation of a large school fund, the income of which is distributed to the cities and towns, and the introduction of a system of accounting and auditing by which all moneys received by commonwealth agents go to the treasury, all payments are made on auditor's orders, the accounts of institutions are under a uniform system and officials in receipt of public moneys are held to accountability therefor. If expenditures have increased greatly in this period, the fact is due to the conviction that commonwealth duties have grown in number and size. There has been no serious waste of public money in any of the periods of this history.

As the general property tax has had a prominent place in fiscal matters all along, so it is the leading problem at the present time. It concerns itself largely with offsets from personal property for debts. These offsets make the tax on personal property small in comparison with that on realty. As I have said, there is a strong demand for the abolition of offsets. The interest in the taxation side of public finance in Vermont is marked, and at the session of the Gen-

eral Assembly in 1908 an attempt was made to pass legislation of importance. The reform proposals were two: the abolition of offsets and the taxation of intangible personalty at a low and uniform rate. Both proposals failed at the same time, largely through the conservatism of the farming element of the legislature.

Yet it is possible that the taxation problem in Vermont is working itself out more rapidly than would appear. Certain it is that the General Assembly of 1910 gave evidence of a changing attitude on the taxation of mortgages on real estate. Certain it is, moreover, that already a very considerable portion of the intangible personal property has been taken from the grand list and is now taxed directly by the commonwealth at a uniform rate of seven-tenths of one per cent. This is the case with nearly all deposits in savings banks and trust companies and with interest-bearing deposits in national banks. This means that property to the amount of approximately \$84,000,000 is so taxed, while the personal property of all kinds taxed through the grand list of 1912 amounts to but \$45,000,000. The \$84,000,000 of deposits now taxed at the rate of seven-tenths of one per cent is about the total of personal property of all kinds found by the listers; it is about double the total of all kinds of intangible personal property found. It is evident that already the intangible part of personal property in Vermont is to a great extent taxed in manner and rate differently from real estate and tangible personalty.

Further extension of the scope of this special form of taxation, to mortgage debts held by individuals and to other intangibles now supposed to be a part of the grand list, would complete a radical yet rational reform in taxation. There is no constitutional difficulty, it would seem, to progress along this line. This policy would meet the

demand that intangibles be taxed; it would provide a tax on all mortgage debts that would add very little, if anything, to the interest charge of borrowers; it probably would be more productive than the present tax on intangibles. Add to it the abolition of offsets, and reforms will have been introduced which with little doubt will make noticeably for both the material and the moral welfare of the commonwealth.

APPENDIX

1. *Receipts and Expenditures.* The following tables are for years separated by five-year periods, aside from the last decade of the eighteenth century. There is no satisfactory financial report for 1795, and the year 1790 could not be taken as the first year of the tables because the figures are not in a form susceptible of classification. The year 1793 is the first to give what can be called a classification of receipts and expenditures. It should be said of 1794 that it was an unusual year in that a land tax was included in the figures given for the grand list tax, and that a large payment was made to New York. It is thought that the years given will indicate the course of receipts and expenditures.

From 1805 to and including 1840 in these tables both receipts and expenditures are larger than the figures given by the reports of the financial officers. This is because fees in civil suits which were received by the judges of the supreme court were not covered into the treasury. They were used to pay the judges' salaries in part, however, and it was thought better to take account of them. As a rule, the figures found in the official reports have been followed; the deviations have been made for the sake of consistency. Thus the treasurer's reports for many years made no account of items of offset, but such items must be noticed in order to make the reports for those years correspond with recent reports. These items of offset include the bank safety fund of the middle decades of the nineteenth century, the income from the agricultural college fund, temporary loans, the income of the Bennington battle monument fund, the United States government endowment of the agricultural college, the contributions of that government to the soldiers' home, the permanent school fund and school and highway taxes distributed to cities and towns. These receipts and expenditures, which, aside from temporary

loans, are of the nature of trust funds, need to be deducted from the total to give a true idea of ordinary receipts and expenditures.

There was no fixed date at first for ending a fiscal year, but the auditor in the treasury was directed to settle the account of the treasurer some time in September. Accordingly we find the report of the treasurer as audited bearing various dates in September. Beginning with 1816, however, a definite date—September 30th—was observed. Again, beginning in 1846, August 31st was the date, and this continued to be the rule until 1873, when July 31st was substituted. Since and including 1890, the date has been June 30th, the fiscal year thus corresponding with that of the federal government.

Any classification of receipts and expenditures must to some extent adapt itself to classifications found in official reports. That of Tables A and B does so, and at the same time follows a plan somewhat different from that of any auditor or treasurer. On the whole, it has seemed the most satisfactory way of presenting the important figures for a period of one hundred and twenty years.

NOTES ON RECEIPTS

For the most part the classification of receipts explains itself, but some interpretation is needed.

Commonwealth institutions did not begin to turn over to the treasurer all their miscellaneous receipts until 1903 (under the law of 1902). Previously that disposition had been made of receipts from manufacturing. The law of 1902 operated to increase greatly the receipts of the treasury from the administration of justice.

"Grand list taxes" in this classification include only those used for commonwealth expenses—not school and highway taxes, which, while raised on the grand list, are distributed again to the cities and towns.

"License fees" include those received from peddlers, auctioneers, circuses, fertilizer companies, hunters, automobile owners, liquor dealers, and foreign insurance companies; they in the main are fees for doing certain kinds of business. "Li-

TABLE A—

	Administration of Justice.	Institutions.	Grand List Taxes.	License Fees.	License Taxes.	Inheritance Tax.
1793..	£145-1s-6d	....	£3,652-0s-2d	....	....	....
1794..	268-13s-7d	....	11,081-2s-9½d	....	....	....
1796..	272-9s-4d	....	3,291-4s-0d	....	....	....
1800..	\$449.08	....	\$22,052.16	....	....	....
1805..	1,150.13	....	26,778.34	....	....	....
1810..	11,679.63	....	26,395.47	\$57.00	....	....
1815..	3,547.49	....	36,244.50	57.00	....	....
1820..	4,111.64	\$27.37	37,787.56	266.00	....	....
1825..	1,974.26	....	35,311.54	472.00	....	....
1830..	4,548.17	....	42,065.63	463.44	....	....
1835..	8,602.25	....	77,792.80	3,256.01	....	....
1840..	7,171.05	....	52,292.45	702.00	....	....
1845..	6,212.39	....	71,446.55	2,398.08	....	....
1850..	13,621.24	....	93,463.25	....	....	....
1855..	16,148.90	....	114,352.58	....	....	....
1860..	15,652.13	....	146,903.79	....	....	....
1865..	28,053.87	....	1,207,303.26	....	....	....
1870..	33,247.65	....	515,409.66	1,976.00	....	....
1875..	39,378.03	6,000.00	329,381.85	4,069.05	....	....
1880..	51,797.25	15,755.13	384,733.92	4,371.00	....	....
1885..	37,090.65	21,091.14	....	5,756.00	....	....
1890..	41,649.33	14,578.64	353,412.01	5,745.00	....	....
1895..	58,669.25	34,515.03	13,531.73	9,981.00	\$10,279.00	....
1900..	51,994.95	47,311.77	346,810.75	10,538.50	11,376.00	\$26,327.53
1905..	49,903.30	58,640.39	....	69,162.67	20,619.45	41,058.10
1910..	103,910.84	81,821.13	....	134,608.21	27,837.49	88,968.85

cense taxes," on the other hand, are taxes levied in recent years on all corporations doing business in the commonwealth, and are based upon the capital stock or deposits; they are a special kind of corporation tax.

"Corporation taxes" in the classification include for 1910, besides the receipts from public-service and some other corporations, the contribution from national banks through a tax on deposits. This is regarded as a corporation tax because it is paid by the banks, albeit voluntarily. Corporation taxes appearing in the figures for 1820, 1825, 1830, 1835, 1840 and 1845 came solely from bank dividends, save \$294.63 from foreign insurance companies in 1830. The bank tax went to the

RECEIPTS

Corporation Taxes.	Loans.	Miscellaneous.	Items of Offset.	Total.	Total Less Offset.
....	£846-10s-0d	£1,361-8s-9d	....	£6,005-0s-5d	£6,005-0s-5d
....	1,272-19s-8d	297-17s-4d	....	12,920-13s-4½d	12,920-13s-4½d
....	872-13s-1d	160-8s-3d	....	4,596-14s-8d	4,596-14s-8d
....	....	\$504.91	....	\$23,006.15	\$23,006.15
....	....	491.38	....	28,419.85	28,419.85
....	....	577.23	....	38,709.33	38,709.33
....	....	602.60	....	40,451.59	40,451.59
\$228.00	....	6,053.85	....	48,474.42	48,474.42
1,464.00	....	1,909.69	....	41,131.49	41,131.49
2,389.83	....	4,017.56	....	53,484.63	53,484.63
5,317.70	\$5,000.00	21,259.20	\$2,301.24	120,740.77	118,439.53
4,305.56	5,680.00	4,285.17	2,253.68	76,689.91	74,436.23
3,254.29	....	10,109.93	2,100.00	95,521.24	93,421.24
....	4,500.00	6,413.10	562.50	118,560.09	117,997.59
....	....	4,529.21	9,484.75	144,515.44	135,030.69
....	75,000.00	7,277.62	42.35	244,875.89	244,833.54
....	250,000.00	99,815.82	....	1,585,172.95	1,585,172.95
....	....	11,987.81	127,651.00	690,272.12	562,621.12
....	....	37,832.35	8,130.00	424,791.28	416,661.28
23,452.02	....	4,805.07	101,130.00	586,044.39	484,914.39
202,942.88	....	171,014.11	233,730.00	671,624.78	437,894.78
268,153.84	....	8,718.66	90,086.06	782,343.54	692,257.48
346,435.66	....	10,708.43	287,359.62	771,479.72	484,120.10
428,561.48	....	15,569.39	403,772.43	1,342,262.80	938,490.37
587,596.50	....	176,091.07	472,480.42	1,475,551.90	1,003,071.48
940,825.84	....	27,752.74	540,027.95	1,945,753.05	1,405,725.10

school fund, which was established in 1825 and continued until 1845, when it was merged with the general treasury. The operations of the fund are included in the treasurer's general report, and for that reason, and because the fund eventually passed formally into the general treasury, these receipts are regarded as general treasury receipts.

"Loans" do not include temporary loans. The loans of the first decade are "hard-money orders."

"Miscellaneous" for 1885 includes \$161,810.37 coming from the sale of securities belonging to the Huntington fund, and for 1905 it includes \$155,453.56 coming from the United States government for Civil War claims.

TABLE B—

	Salaries of Adminis- trative Officers.	Debentures.	Legislative Expenses.	Salaries of Judicial Officers.	Expenses of Judiciary.	Education.	Institutions.	Public Health.
1793..	....	£2,755-38-8d	....	....	....	....	....	....
1794..	£282-08-0d	1,636-58-1d	....	£453-166-6d	....	....	....	....
1796..	270-08-0d	2,184-118-7d	....	....	....	....	....	....
1800..	\$900.00	\$9,105.98	....	\$2,449.96	\$794.67	....	....	....
1805..	938.84	11,043.27	....	2,510.84	4,542.67	....	....	....
1810..	650.00	10,973.04	....	2,800.00	9,703.65	....	\$13,983.49	....
1815..	1,150.00	12,177.06	....	2,800.83	7,836.24	....	3,396.25	....
1820..	1,200.00	13,110.71	....	2,800.00	14,811.60	....	5,000.00	....
1825..	2,075.00	14,116.26	\$425.00	3,264.00	11,368.64	....	2,970.90	....
1830..	1,975.00	10,472.70	450.00	5,875.00	20,230.79	\$1,200.00	4,063.61	....
1835..	2,025.00	12,737.87	450.00	6,424.72	18,776.18	2,064.13	4,747.36	....
1840..	1,825.00	21,003.84	1,595.84	5,950.24	28,256.51	3,174.16	4,154.21	....
1845..	2,300.00	11,536.70	2,543.21	6,880.23	34,311.46	5,013.11	6,540.13	....
1850..	2,225.00	17,878.55	1,686.09	8,143.75	43,319.59	5,678.42	5,352.64	....
1855..	2,429.93	24,130.60	2,708.82	10,110.00	61,830.25	3,310.49	12,377.61	....
1860..	3,225.00	28,328.40	4,978.88	19,284.94	65,268.06	3,014.58	3,391.67	....
1865..	2,675.00	36,527.60	10,656.97	30,600.00	62,020.60	13,864.61	21,236.94	....
1870..	6,499.16	33,687.60	11,379.02	33,537.49	101,619.72	14,674.72	34,912.00	....
1875..	6,803.70	57,008.00	17,338.30	34,900.00	115,764.34	19,477.94	78,524.16	....
1880..	6,091.66	....	1,351.08	35,775.00	126,292.71	26,699.19	78,689.89	....
1885..	9,603.68	54,180.70	16,342.89	36,515.00	102,157.76	17,617.87	80,830.56	....
1890..	8,475.00	....	....	38,818.00	120,344.86	47,751.60	125,071.14	\$1,676.67
1895..	9,800.00	58,815.40	11,569.37	43,200.00	190,461.04	41,167.28	198,926.90	4,304.50
1900..	9,675.00	....	....	50,201.71	189,195.65	49,105.04	196,542.47	19,065.17
1905..	13,800.58	64,746.30	5,752.10	72,278.75	167,710.39	298,270.80	246,433.15	50,704.23
1910..	33,459.67	....	33.18	129,575.65	245,878.48	167,210.05	274,753.93	80,437.33

NOTES ON EXPENDITURES

The first title in Table B, "salaries of administrative officers," refers to the governor, secretary of state, treasurer, auditor, secretary of civil and military affairs, executive clerk, insurance commissioner, tax commissioner, inspector of finance, railroad commissioner, public-service commissioners, bank commissioner and their clerks. The notable increase in this item in 1910 was due to an increase in a number of salaries, provision for more assistance to several officials and the establishment of the public-service commission.

"Debentures" refer to the Senate and House, but the title

EXPENDITURES.

Agriculture.	Military.	Interest.	Debt.	Miscellaneous.	Items of Offset.	Total.	Total Less Offset.
....	....	....	£1,530-2s-0d	£1,449-16s-0d	....	£5,735-18s-8d	£5,735-18s-8d
....	....	....	1,365-10s-8½d	9,104-17s 5d	....	12,842-9s-8½d	12,842-9s-8½d
....	....	....	1,089-12s-4d	1,924-16s-10d	....	5,469-08s-9d	5,469-08s-9d
....	....	\$5.53	\$49.11	\$7,798.77	....	\$21,104.02	\$21,104.02
....	....	86.93	....	4,083.88	....	23,206.43	23,206.43
....	....	....	....	4,592.97	....	42,703.15	42,703.15
....	\$5,387.39	....	10.00	6,912.91	....	39,670.68	39,670.68
....	....	16.94	....	9,546.47	....	46,485.72	46,485.72
....	....	....	....	5,643.77	....	39,438.57	39,438.57
....	....	....	....	12,933.00	....	57,200.10	57,200.10
....	....	....	....	53,620.14	....	100,845.40	100,845.40
....	7,021.61	2,308.32	5,000.00	12,177.82	....	92,467.55	92,467.55
\$943.84	1,840.51	2,930.77	360.00	20,803.44	....	95,503.42	95,403.42
....	4,112.29	2,854.08	7,700.00	24,329.13	\$488.81	123,768.35	123,768.35
....	377.25	3,805.28	....	17,627.22	1,715.98	140,483.33	138,767.35
1,832.45	3,171.12	15,895.30	20,000.00	60,884.75	....	234,276.15	234,276.15
....	1,566,596.94	140,477.42	10,500.00	41,616.42	750.00	1,996,772.50	1,996,022.50
....	22,329.74	58,433.04	29,500.00	67,782.09	127,510.00	541,864.58	414,354.58
1,899.76	15,971.13	12,728.98	59,000.00	82,683.78	8,130.00	510,230.09	502,100.09
2,182.59	17,247.22	9,890.42	....	35,604.59	101,130.00	440,954.35	339,824.35
3,493.50	21,172.83	11,078.49	....	29,670.25	284,040.37	666,613.90	382,573.53
5,991.16	35,353.42	24,855.35	....	59,209.95	233,251.06	700,798.21	467,547.15
4,825.26	32,450.85	22,085.90	....	58,129.91	260,608.56	936,344.97	675,736.41
3,374.98	28,846.70	35,155.64	50,000.00	44,642.58	682,929.57	1,358,734.51	675,804.94
6,447.87	41,211.13	20,867.41	....	164,809.24	319,368.80	1,472,400.75	1,153,031.95
19,052.79	52,788.69	23,264.55	....	274,846.15	526,361.30	1,827,661.77	1,301,300.47

includes during earlier years more than the legislature, although only the lump sum is given in the treasurer's reports. Thus, for 1793, it includes the governor's council, the Council of Censors, a constitutional convention, the supreme court, and probably the governor and treasurer, as well as the General Assembly. For 1794 it includes the governor's council and the General Assembly. For 1796 it includes these and the supreme court. For 1800 it includes the council and the Assembly and "other expenses of the session." For 1805 "contingent expenses" are included and the same is true for 1810 and 1815. The governor's council was included in "debentures" until it was abolished in 1835.

"Salaries of judicial officers" refer to all salaries paid in the administration of justice, and "expenses of judiciary" to all other outgo in the administration of justice. But for 1794 "salaries of judicial officers" probably includes some expenses. The item "expenses of judiciary" occurs in the reports from 1800 on, but in 1800 it does not include all such expenses; the "miscellaneous" item in the report for that year includes orders of the clerk of the supreme court. Sheriffs began to receive salaries between 1905 and 1910. At that time there was a reorganization of the judiciary in accordance with which the number of judges was increased and the salaries of the judges were made larger.

Beginning with 1840 expenditures may be classified with more exactness than theretofore. The greatest uncertainty then occurs in the case of the item "legislative expenses." It is impossible to determine from the auditor's abstracts before the Civil War where certain printing items as well as some others belong. Items thus uncertain have been put under "miscellaneous." A classification of auditor's orders occurs in 1865 and succeeding years. So far as possible, it is followed in this table. In particular the auditor's grouping of "legislative expenses" has been followed.

Expenditure for "education" in 1830 is for the deaf and dumb. Such expenditure goes to "education" in the figures for succeeding years. The large expenditure for education in 1905 comes mainly from the application of \$240,000 to the permanent school fund.

The large expenditure for "institutions" in 1810 was for building and equipping the new prison. The industrial school was established by an act of 1865, but in 1874 it was burned, causing a large increase in expenditure for this purpose. About the same time—1876—the house of correction was established. Again, under an act of 1888, an asylum for the insane was built by the commonwealth. The Brattleboro asylum, although not strictly a commonwealth institution, is regarded as such in this classification.

Certain unusual expenditures under "miscellaneous" need

explanation. Thus, for 1794 the greater portion of the item comes from the payment of £7,320 10s. 9d. to New York for land claims. The same title for 1835 includes \$37,295.03 for building a new state house, and again in 1860 \$23,015 of "miscellaneous" went to another new state house. The school, safety and United States surplus funds complicate the commonwealth's accounts in the period before the Civil War, and the "miscellaneous" title in particular is affected. Thus, in 1845 "miscellaneous" expenditures were \$20,803.44, and of this amount \$11,104 was a loan made from the United States surplus fund to individuals. "Miscellaneous" for 1905, again, includes \$40,000 paid to agents for securing the Civil War claim on the federal government. In 1910 the item of abolishing grade crossings called for \$27,511.09, and the fish and game department required \$16,731.89. A considerable number of smaller items explain the rest of the increase.

The early debt payments—those of the eighteenth century—were through the receipt of hard-money orders. The \$50,000 payment in 1900 was for a loan required on account of the hospital for the insane.

2. *Funded Debt.* Aside from the loans of 1857 and 1859, the funded debt began with the Civil War. This debt stood as follows at the close of the fiscal years:

TABLE C—FUNDED DEBT.

<i>Year</i>	<i>Debt</i>	<i>Sinking Fund</i>
1861	\$350,000.00	
1862	751,000.00	
1863	1,105,000.00	
1864	1,400,000.00	
1865	1,650,000.00	
1866	1,625,500.00	\$75,500.00
1867	1,457,000.00	82,000.00
1868	1,227,000.00	59,657.71
1869	1,047,500.00	75,694.02
1870	1,002,500.00	196,194.02
1871	547,500.00	177,849.73
1872	515,500.00	184,351.02
1873	417,500.00	101,851.02
1874	362,000.00	37,932.36
1875	303,000.00	167,932.36
1876 and succeeding years	135,500.00	

4. *Receipts from Inheritance Tax.* This tax is on legacies and distributive shares received by collateral relatives, non-relatives and charitable, educational and religious institutions created and existing under the laws of a government other than that of Vermont. The receipts thus far have been as follows:

TABLE E—RECEIPTS FROM INHERITANCE TAX.

1897.....	\$543.70
1898.....	11,478.27
1899.....	13,661.36
1900.....	26,327.53
1901.....	50,758.14
1902.....	55,066.77
1903.....	29,440.15
1904.....	37,227.13
1905.....	41,058.10
1906.....	40,581.14
1907.....	52,412.58
1908.....	68,025.29
1909.....	65,860.12
1910.....	88,068.85
1911.....	71,982.95
1912.....	92,716.71

5. *The Grand List.* The following table contains a sufficient number of years to show the tendency in reference to the grand list since 1842, when for the first time property was listed nominally at its true value:

TABLE F—THE GRAND LIST.

Year.	Real Estate.	Personal Estate.	One Per Cent.	Attorneys, etc.	Polls.	Completed Grand List.	Rate.
1842...	\$56,623,752	\$12,900,399	\$695,241.53	....	\$47,785	\$753,026.49	\$0.10
1845...	56,585,773	10,926,998	675,127.72	\$3,479	100,490	742,682.21	.10
1847...	56,608,921	10,695,698	673,046.20	3,555	97,672	766,011.98	.12
1850...	57,013,390	13,097,731	701,111.22	2,867	103,026	608,164.22	.15
1853...	61,720,414	15,281,283	770,016.97	....	106,468	875,442.97	.16
1856...	69,284,400	16,902,561	861,869.61	....	106,630	966,759.61	.14
1860...	70,341,721	16,530,130	981,764.72	....	113,006	979,604.72	.20
1862...	69,951,685	15,773,204	857,248.89	Dogs.	109,440	964,210.89	.80
1864...	69,929,215	18,045,973	879,751.80	11,664	124,484	1,014,818.33	1.25
1866...	71,638,678	21,435,281	930,739.59	10,129	134,208	1,074,780.59	.55
1868...	71,172,113	21,846,691	930,188.04	12,166	133,920	1,075,814.04	.40
1870...	80,993,100	21,555,428	1,025,485.28	15,878	137,362	1,177,583.28	.50
1872...	82,381,647	19,623,584	1,020,052.31	17,745	138,414	1,173,058.31	.40
1874...	79,724,217	19,330,432	900,546.49	18,939	139,142	1,145,115.49	.30
1876...	81,198,291	18,519,312	997,176.03	18,862	142,458	1,154,902.03	.25
1878...	70,919,120	16,845,123	877,642.43	....	144,784	1,019,290.43	.30
1879...	71,017,981	15,375,533	863,935.14	....	146,590	1,007,407.14	.40
1880...	71,114,747	15,037,262	861,520.09	....	144,912	1,003,500.09	.20
1881...	102,437,102	46,896,967	1,493,340.69	....	147,296	1,637,620.69	.17
1882...	106,372,797	46,218,508	1,525,913.05	....	147,514	1,670,607.05	.10
1883...	104,549,674	49,586,310	1,541,359.84	....	151,310	1,690,227.84	..
1887...	104,534,036	50,060,171	1,545,942.07	....	158,314	1,704,256.70	.12
1888...	110,676,818	49,911,339	1,605,881.57	....	158,314	1,762,418.57	..
1889...	111,683,680	49,163,677	1,608,473.57	....	160,384	1,767,059.57	.20
1890...	112,895,125	49,203,388	1,620,985.13	....	161,818	1,780,525.15	..
1891...	108,379,751	48,937,118	1,573,168.69	....	161,946	1,733,638.69	.18
1892...	109,947,551	48,878,272	1,588,258.23	....	165,278	1,751,745.23	..
1893...	110,787,989	48,758,176	1,595,461.63	....	165,052	1,760,513.65	.15
1894...	112,087,665	46,356,447	1,584,441.12	....	166,888	1,751,329.12	..
1895...	112,099,284	44,842,671	1,569,419.55	....	168,578	1,737,997.55	.12
1896...	113,700,464	43,885,159	1,575,756.23	....	171,116	1,746,972.23	..
1897...	114,994,441	42,132,108	1,571,265.49	....	172,646	1,743,911.49	.15
1898...	116,141,979	41,123,154	1,572,651.33	....	173,612	1,746,263.33	..
1899...	117,642,114	40,475,858	1,581,179.72	....	174,938	1,756,117.72	.20
1900...	118,950,024	40,884,198	1,598,342.22	....	174,094	1,772,436.22	..
1901...	119,783,775	41,546,616	1,613,305.92	....	176,844	1,790,149.92	.15
1902...	120,831,099	41,956,365	1,627,874.64	....	178,718	1,806,592.64	..
1903...	125,350,298	40,724,412	1,660,616.49	....	175,289	1,835,902.49	..
1904...	126,473,245	41,538,531	1,680,117.76	....	178,238	1,858,355.76	..
1905...	127,993,677	41,930,043	1,698,237.20	....	179,481	1,877,718.20	..
1906...	129,376,413	42,965,532	1,723,419.45	....	182,142	1,905,561.45	..
1907...	139,749,702	44,138,368	1,838,880.70	....	183,334	2,018,214.70	..
1908...	140,978,065	43,376,520	1,843,545.85	....	183,568	2,027,113.85	..
1909...	141,929,051	43,897,747	1,858,267.98	....	185,266	2,043,533.98	..
1910...	143,386,564	45,106,982	1,884,935.46	....	185,470	2,070,405.46	..
1911...	155,996,976	46,046,602	2,020,435.72	187,236	2,207,671.72	..
1912...	157,227,015	45,113,472	2,023,404.81	...	191,074	2,214,478.81	..

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EDITED BY
THE FACULTY OF POLITICAL SCIENCE
OF COLUMBIA UNIVERSITY

VOLUME FIFTY-TWO

New York
COLUMBIA UNIVERSITY
LONGMANS, GREEN & CO., AGENTS
LONDON: P. S. KING & SON
1913

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